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HUD INSPECTOR GENERAL REPORT

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY DEVELOPMENT

OF THE

COMMITTEE ON
BANKING, FINANCE AND URBAN AFFAIRS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

FEBRUARY 4, 1986

Serial No. 99-69

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HUD INSPECTOR GENERAL REPORT

TUESDAY, FEBRUARY 4, 1986

House of Representatives,
Subcommittee on Housing and Community Development,
Committee on Banking, Finance and Urban Affairs,
Washington, DC.

The subcommittee met, pursuant to call, at 10 a.m., in room 2128, Rayburn House Office Building, Hon. Henry B. Gonzalez (chairman of the subcommittee) presiding.

Present: Chairman Gonzalez, Representatives Torres, Kleczka, Kanjorski, McKinney, and Chandler.

Also present: Representative LaFalce.

Chairman Gonzalez. The subcommittee will please come to order.

This hearing is for the purpose of receiving information from the inspector general of the Department of Housing and Urban Development concerning his recent and current activities.

The inspector general has responsibility to investigate departmental programs and operations, with the purpose of providing independent, objective information. The inspector general may make recommendations to the Department of changes in administrative practices; recommendations to Congress for legislative changes; and may make recommendations to the Department of Justice when investigations reveal possible violations of law. It is a broad and a very deep mandate, carrying with it immense responsibility, and requiring considerable skill and courage.

I do wish to welcome Paul Adams, inspector general of the Department of Housing and Urban Development, and his associates: Steven A. Switzer and Mr. Patrick J. Neri. If there are other individuals appearing with Mr. Adams, I would appreciate their being identified for purposes of the record at this time or at a subsequent time.

My own perspective is that Mr. Adams may have more problems than his staff can adequately handle. The Department of Housing and Urban Development operates many programs that are susceptible of fraud and abuse, though historically, I believe the agency has enjoyed a fine record of honest administration. Nevertheless the temptation is there, and perhaps to a greater degree than in the average administrative office.

I was here at the creation of HUD, and I recall the main agencies that were covered by HUD, the Commission or Commissioner of Public Housing, Commissioner of Urban Development, FHA, and I know that during that period of time there were some incidents, but it seems to me that in the last few years it has been a source of great distress to me to have to read in the newspapers of a substantial number of upper-echelon officials in this Department that have either been discharged or compelled to resign under fire for conflicts of interest.

Severe budget reductions in the Department have undoubtedly impaired morale and discouraged high quality, dedicated professionals who can do much to prevent abuses, and also it is a catch-22, as we discovered during the time that the subcommittee was looking into the occurrence in section 235 housing programs in some States. We saw where in some States the program functioned very well, very excellent, very honestly and yet in others we had terrible scandals which gave ground for the then-Secretary of HUD to actually ask for the elimination of the program.

What is more, there has been a disturbing pattern of questionable, I would say sleazy and illegal practices in top management at HUD, which makes the Department an even more tempting target for those who are seeking illicit opportunities and programs administered by the Department.

In short, I see a parallel problem. First, to cite problems in the FHA Single-Family Insurance Program, there appears to be a fairly well-understood set of scams that are being used in various places across the country. These have occurred, in one variation or another, in Houston, Milwaukee, where we held hearings, Camden and the Washington, DC, area, and they represent, as Mr. Adams commented a few days ago, a disturbing pattern.

Second, there have been at least eight, perhaps more, cases in which high-level political appointees of the Department have engaged in sleazy or outright conflict-of-interest or illegal conduct.

The current Director of Public Affairs is found to have failed to disclose the existence of an IRS lien for nonpayment of taxes and failed to disclose her default on a SBA loan. She also told her staff that any employee who happened to be a Democrat would be fired; these are all matters of serious misconduct. The current Under Secretary for Field Operations is found to have billed the Government for travel he undertook for the purpose of appearing in private seminars to promote his book on how to make money with HUD programs, surely an abuse of position if ever there was one. Two regional directors were forced to resign for improper and illegal conduct. The catalog could go on, but the point is clear: There is a pattern of abuse in the top level management of HUD.

I suggest that an agency that has suffered devastating cuts to its administrative personnel and one that is forever being buffeted by threats to its most basic functions cannot help but have a morale problem. Furthermore, I suggest it is extremely difficult for competent, loyal, dedicated professionals to maintain the kind of alert, energetic oversight that is needed to prevent fraud in an agency like HUD, when they are faced with a continual threat to their own future created by cutbacks. This morale problem can only be compounded when officials at the highest level seem to feel free to abuse their positions in a considerable variety of ways.

In sum, I have a situation in which lax administration exists, in part because of morale problems created by budget cutbacks, but in part by upper-level management that simply exudes an inexcusably uncaring attitude. Let me say that I have been here almost 25 years. I have worked with six different Presidents and their various administrations, and I have never seen the damage that has been done to the country in the sense that we have become almost accustomed, shrugging our shoulders, whereas even 6, 7 years ago there would be a great uproar, moral indignation, newspapers carping daily, today for a day or two maybe, everybody shrugs their shoulders and says "It is one of those things."

I believe this implies bad for the Nation. I have seen other countries, less happier lands, in which it is a way of life. People don't even shrug shoulders, they expect it, and I think that this makes it more important that the Congress, particularly committees such as this, make sure that they on their part do everything possible to shore up the honest, the sacrificing and the loyal and competent employee.

I remember a movie some time ago in which a disappointed old man finally tells his son, who happened to be named Hud, "The trouble with you, Hud, is that you don't give a damn." I have the feeling that administrative personnel in the field may feel like the old man in that movie, that their HUD, regional directors and central office managers just don't care. They surely must wonder where is the reward for energetic and honest service, and where is the penalty for abuses in office?

These are the kinds of problems the inspector general is charged to investigate. I and my colleagues look forward to hearing his statement, which, without objection, we will enter into the record, and recognize at this time the ranking minority member, Mr. McKinney.

[The opening statement of Chairman Gonzalez and the inspector general report to the Congress has been submitted for inclusion in the record:]

Chairman Gonzalez' Opening Statement
Subcommittee on Housing and Community Dedvelopment
February 4, 1985

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U.S. Department of Housing and Urban Development Office of Inspector General

Office of Inspector General Report to the Congress

Number 14

for the six month period
April 1, 1985 through September 30, 1985
Pursuant to Section 5(b)
of Public Law 95-452

Profile of Performance

Department of Housing and Urban Development
Office of Inspector General

		April 1, 1985 through September 30, 1985	*FY 1985*
Audit Activities	Cash Recoveries/Savings (OIG and Non-Federal Audits)	$54,916,425	$82,138,202
	Questioned and Disallowed Costs Sustained (OIG and Non-Federal Audits)	$60,369,872	$104,940,353
	Cost Efficiencies	$27,630,329	$50,406,538
	Internal Audit Reports Issued (OIG)	46	91
	External Audit Reports Issued (OIG)	106	236
	Non-Federal and Other Agency Reports Accepted	2,000	3,662
	Mortgagees/Lenders Sanctioned as a Result of Referrals to HUD Mortgagee Review Board	0	6
	Subpoenas Served	11	12
Investigation Activities	Cash Recoveries	$2,771,662	$3,739,625
	Total Fines Levied	$195,738	$539,792
	Commitments to Recover Funds	$453,106	$453,106
	Cost Efficiencies	$2,847,610	$2,847,610
	Investigation Cases Opened	734	1,449
	Persons/Firms Indicted	220	446
	Persons/Firms Convicted	189	310
	Total Years of Prison Sentences	161	251
	Total Years of Suspended Sentences	74	155
	Total years of Probated Sentences	486	819
	Debarments of Persons/Firms Doing Business with HUD (years)	64(214)	148(477)
	Suspensions of Persons/Firms Doing Business with HUD (years)	32(31)	71(70)
	Personnel Actions Initiated Against HUD Employees	40	71
	HUD Employees Indicted	6	8
	HUD Employees Convicted	0	1
	Subpoenas Served	7	10
Fraud Control Activities	Special Fraud Control Projects Undertaken in Cooperation with HUD's Committee on Fraud, Waste and Mismanagement	1	6
	Awareness Publications Issued	4	5
	Hotline Complaints Received	152	338
	Hotline Complaints Processed and Closed	192	363
	Hotline Complaints Pending (9/30/85)	152	—
	Proposed Legislation and Regulations Reviewed	162	255
	Proposed HUD Handbooks/Issuances Reviewed	83	155

Executive Summary

This is our fourteenth report to Congress. It summarizes our efforts during the past 6 months and highlights significant audits, investigations, and fraud control activities. During this period, management's actions on audits and investigations resulted in cash recoveries and savings to the Department in excess of $57 million, the highest 6-month figure we have ever reported. The 220 indictments and 189 convictions of persons and/or firms abusing the Department's programs further evidence the effectiveness of our efforts during this period. We have continued to devote a large part of our resources to high-risk areas having substantial payoff. In addition, our proactive efforts with the Committee on Fraud, Waste, and Mismanagement and top HUD management have and will continue to have a positive effect on the Department's operations.

This report illustrates significant weaknesses in the tenant eligibility and Single Family Housing areas. The Department is taking steps to address these problems, and we commend as well as support their actions in this regard. For example, a Single Family Task Force composed of top officials appointed by the Secretary has been established to evaluate the primary trouble spots in Single Family Housing. This comprehensive approach has the potential to materially improve policies, procedures, and controls and will go a long way to minimize the abuses this Department has faced for a number of years.

In addition, the Department's Committee on Fraud, Waste, and Mismanagement recommended the development of a Quality Control System for Tenant Eligibility which would use periodic sampling to measure error rates, along with income matching techniques to identify incorrect benefit amounts. A task force assembled by the Under Secretary has developed a proposal for such a system. However, for the Quality Control System to be truly effective, legislation is needed requiring applicants to provide their Social Security numbers and requiring States to provide wage data on tenants receiving assistance. It is estimated that with such legislation up to $200 million a year could be better spent. Passage of this legislation is critical to a systematic approach to preventing tenant fraud and effectively administering HUD's programs. We again urge that such legislation be passed.

Paul A Adams

Paul A. Adams
Inspector General

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Chapter 1

Significant Problems, Abuses, Deficiencies and Recommendations

This Chapter details the significant problems, abuses, deficiencies and recommendations for corrective action relating to the Department's programs and operations for the current period.

For the most part, HUD managers used OIG reports as a management tool. They initiated the actions proposed, or acceptable alternative measures, to overcome the reported deficiencies.

Proactive Efforts

Quality Control

HUD studies in the tenant fraud area have found significant losses of money and productivity in the process of determining eligibility and setting benefit levels in Assisted Housing Programs. We have estimated that $200 million annually may be lost due to fraud, while other Departmental researchers have estimated that an additional $80 million is lost through administrative error. To overcome these problems, the Department is considering a plan to develop a Quality Control System for Tenant Eligibility. The System would use periodic quality control samples to measure error rates and determine needed program changes to reduce administrative error. The System would also use income matching techniques to identify tenants who are either not eligible for benefits or are receiving an incorrect amount.

The Quality Control System is one of the many proactive projects undertaken by HUD's Committee on Fraud, Waste, and Mismanagement. The development of two major techniques recommended by the Committee (Quality Control sampling and income computer matching) has been endorsed by the Under Secretary. The Quality Control sampling technique can be implemented easily should the Department commit the necessary resources. However, computer matching, on a wide scale, requires legislative action to give HUD the authority to require: (1) applicants and tenants to provide their Social Security numbers; and (2) State unemployment agencies to provide wage data to the Department in order to conduct computer matches with tenant records. HUD as well as the Office of Inspector General have conducted computer matches in the past, but have been limited to a few States that voluntarily provide the information. As reported in our last Semiannual Report, we conducted computer matching projects in Memphis, Tennessee; Athens, Georgia; and Kansas City, Kansas and Missouri. In each area, we identified rental assistance tenants who had not reported all of their income in order to qualify for assistance. To date, several of these cases have been referred to prosecutive authorities for consideration of further criminal or civil action. In Athens, 20 cases citing $150,000 in overpaid assistance income were referred to prosecutors; in Memphis, 14 cases with overpayments of $65,000 were referred; and in Kansas City, Kansas and Missouri, 10 cases with excessive payments of $29,000 were referred.

HUD has requested in its authorization bill the authority to require the necessary information to conduct computer matches. We believe passage of these proposals is critical to any systematic approach to preventing tenant fraud. The Office of Management and Budget (OMB) is also considering similar proposals that would give HUD the needed authority. These proposals are contained in the Payment Integrity Act legislation OMB is developing.

In a related issue, the Department is developing regulations that would prohibit certain aliens from receiving HUD assistance. These regulations stem from a law passed in 1981. Our surveys and discussions with the Immigration and Naturalization Service lead us to conclude that a significant amount of HUD subsidies are going to illegal aliens. Until the regulations are implemented, illegal aliens are eligible for HUD housing assistance. We have continued to encourage HUD's Office of General Counsel to implement these regulations because of their potential impact on the availability of units for needy and eligible recipients. This eligibility factor would also be added to the Quality Control System, making the work of the System even more beneficial to the Department.

Accountability Monitoring

Accountability monitoring is a strategy that was developed by HUD's Committee on Fraud, Waste and Mismanagement and approved for internal implementation by Secretary Pierce in April 1981. The strategy's basic premise is to target available monitoring resources at high risk activities and program participants. Since approval of the concept, HUD program managers have been slow to adopt and/or implement it. Several activities during this reporting period focused attention on accountability monitoring.

The Office of Community Planning and Development (CPD) has made the most progress in implementing the concept. Handbooks were changed and training sessions were held for Field Office monitors. However, based on a recent audit within the Fort Worth Region, we believe several factors continue to hamper CPD from implementing the concept effectively. Generally, we found that the failure to identify high risk grantees in a structured manner and the continued use of a numerical goal-oriented monitoring plan resulted in a virtual return to past practices of cursory reviews of all grantees. On September 30, 1985, we issued a draft report to the Assistant Secretary for CPD discussing the need to refocus attention and activities toward accountability monitoring in order to more effectively use monitoring resources.

Regarding the other major HUD organizational elements, a Committee report to Secretary Pierce on September 26, 1985, indicates that the Offices of Housing and Public and Indian Housing have lagged in implementing this concept. While they have created schedules, some of the target dates have already been missed. We opposed the issuance of three handbooks because accountability monitoring was either not included or needed to be expanded. Two have been revised and recently issued. We are continuing to work with program staff to ensure the concept is being properly implemented.

We believe the accountability monitoring concept, if properly implemented, can minimize many of the problems or program weaknesses discussed throughout this Chapter.

Assisted Housing Programs

During the reporting period, we focused our efforts on three major areas within Assisted Housing. Section 8 Programs; the Performance Funding System; and Indian Housing Programs.

Section 8 Programs

Section 8 Moderate Rehabilitation

Recent audits continue to confirm serious problems in the Section 8 Moderate Rehabilitation Program (MRP), which was established to upgrade substandard rental housing and to provide rental subsidies to lower income families. The major problem common to almost all audits is excessive rents. Thirty-one of the thirty-three audit reports issued in Fiscal Years 1984 and 1985 discuss excessive rents. Rents were excessive in 78 percent of the units tested and excess subsidies over the 15-year life of the Housing Assistance Payment (HAP) contracts for these units could total over $32 million. In addition, we believe that the following factors support the high probability that other PHAs have excessive MRP rents: (1) the complexity of the rent computation; (2) public housing authority (PHA) contentions that HUD mandated unrealistic deadlines to get units under contract in the early program stages, and did not provide adequate guidelines on the rent computations; and (3) lack of PHA incentive to properly compute rents.

The following audits completed during the current reporting period highlight deficiencies in the MRP:

- The Elizabethton, Tennessee Housing Development Agency (EHDA) established initial contract rents based on cost estimates supplied by owners, and did not adequately evaluate the data, which frequently was unsupported and/or inflated. Rents for all of its 112 MRP units were excessive, resulting in HAP overpayments through March 31, 1985, of $102,791. We estimated that overpayments over the 15-year HAP contracts will total about $1.8 million if the rents are not corrected. We recommended that HAP contracts be amended to specify proper base and contract rents, and that excess HAPs already paid be recovered. (Audit Report No. 85-AT-203-1018.)

- The State of Florida Department of Community Affairs (PHA) made excessive HAP payments to owners of ten contracts reviewed because MRP requirements were not followed by the PHA in calculating rents. The incorrect contract rents resulted in questionable HAP payments of $128,000. If contract rents are not adjusted, about $794,000 in excess assistance will be paid over the balance of the 15-year contract period. We recommended that HUD require the PHA to recompute the contract rents in question; amend HAP contracts as appropriate; and recover all excess assistance payments made through the dates of contract rent redetermination. (Audit Report No. 85-AT-203-1016.)

■ An internal audit of HUD's Greensboro, North Carolina Office showed that the Office did not properly compute base and contract rents for the Cherry Hotel project in Wilson, North Carolina. The higher contract rents, if not corrected, will result in excessive Section 8 subsidies of about $604,800 over the 15-year HAP contract period. The Office incorrectly computed base rents using the higher management and maintenance cost experience of projects not administered by a housing authority. The base rents as approved will result in additional excessive HAP subsidies of about $245,000. We recommended that the Greensboro Office recompute base and contract rents for the project and instruct appropriate staff on procedures for computing rents for Section 8 MRP projects. (Audit Report No. 85-AT-112-0002.)

Because of the problems with excessive MRP rents, we suggested establishing a task force to determine the best way to recompute rents for units already under HAP contract and to recommend preventive actions for units not yet under HAP contract. The Acting General Deputy Assistant Secretary for Housing-Federal Housing Commissioner stated that she will initiate steps to address the cited problems.

Section 8 Existing Housing

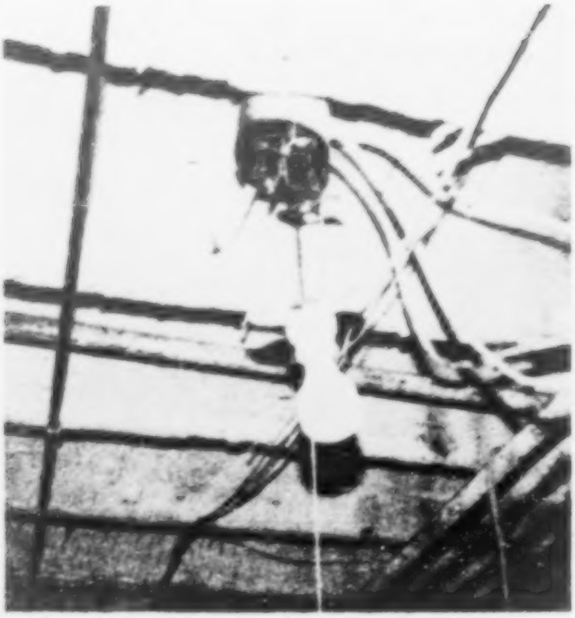
During the reporting period, we initiated an overall evaluation of PHAs' administration of the Section 8 Existing Housing Program. At September 30, 1985, three audits were completed. We expect to complete an additional 17 audits during the first half of Fiscal Year 1986. The Section 8 Existing Housing Program has long-standing problems that have existed since the inception of the Program. We found that Housing Quality Standards (Standards) have not been met and HUD has been paying excess rents. Many of the problems result from PHAs' failure to perform adequate inspections of units and to conduct sufficient market reviews to support their certifications that contract rents are reasonable in relation to rents being paid for comparable units.

■ The State of Connecticut Department of Housing has not conducted annual surveys to assure that tenants are receiving proper utility allowances. We estimated that current annual utility allowances were inappropriate, placing an additional financial burden on tenants. The PHA also failed to: (1) conduct market reviews to support its certifications that contract rents were reasonable, resulting in HUD's paying excessive subsidies; and (2) implement an adequate monitoring system to assure that units met the required Standards. As a result, 20 percent of the units we inspected contained serious Standards violations. We recommended that the PHA: (1) establish adequate management systems to assure that HUD guidelines are followed, including implementation of utility allowance surveys; (2) perform market rent surveys; and (3) enhance its inspection process. (Audit Report No. 85-BO-203-1012.)

■ The Fall River, Massachusetts Housing Authority had neither adequate knowledge of Standards nor sufficient resources to perform effective inspections. Ninety-five percent of the units we inspected failed to meet Standards (see following pictures)

The PHA did not independently verify tenants' income or utilize anticipated income to compute tenants' share of the rent. As a result, tenants may be paying less than their correct share of the rent. In addition, the PHA is under a court order which prohibits issuance of 264 Section 8 certificates received in February 1984. Since the court order has not been lifted and the the PHA has failed to assure that units meet Standards, we recommended that $14.8 million in budget authority for the 264 units be recaptured. We also recommended that fee inspectors be hired to reinspect all units now under the PHA's jurisdiction, tenant management controls be changed to comply with HUD requirements, and sanctions be considered if the PHA shows it lacks the capacity to implement corrective actions in a timely manner. (Audit Report No. 85-BO-203-1014.)

Gross rents of approximately $28,000 (including $21,000 of HUD subsidies) are paid annually on this six-unit building.



This picture illustrates an electrical hazard. This is one of six Housing Quality Standards violations that was not reported after a November 1984 PHA inspection (8 months prior to our inspection). Tenants advised us that the charred joists resulted from a fire about 1 year earlier.

We are conducting several additional compliance reviews of the Section 8 Existing Program focusing on Standards, fair market rents, cash management practices, and utility allowances, among other areas. We plan to issue a report by June 1986 discussing the results of these reviews.

Section 8 Housing Assistance Payments

The Oregon State Housing Division (OSHD) did not comply with regulatory requirements when developing and administering its Section 8 Housing Assistance Payments Program. Consequently, HUD paid $1.2 million in excess Housing Assistance Payments (HAPs) and could pay an additional $13.3 million in excess payments over the term of the HAP contract. The excess payments are a result of these factors:

- OSHD did not reduce initial contract rents to reflect actual development costs because they erroneously believed they were exempt from cost certification requirements.

- OSHD established annual rent increases that resulted in significant differences between assisted and unassisted unit rents.

- OSHD applied rent increase factors to rents that were initially established at unusually high levels and inappropriately applied rent increase factors to finance adjustment amounts.

We recommended that OSHD be required to repay the excess assistance payments and to adjust contract rents and annual rent increases to prevent future occurrences. (Audit Report No. 85-SE-203-1003.

Fraud In Section 8 Housing Programs

During the reporting period, we expended significant investigative resources in the Section 8 Program area. Investigations have resulted 137 indictments and 98 convictions of individuals participating in the Program, as well as fines and monetary recoveries totalling $690,002. Examples of significant cases follow.

- Twenty tenants of the Pleasant Homes Apartments, Seat Pleasant, Maryland, were convicted of making false statements or conspiring to defraud HUD in the rental assistance program. Sixteen tenants, six of whom were Federal employees, were sentenced for submitting false statements about their family composition or income to obtain housing assistance to which they were not entitled in 1982 and 1983. The Assistant Resident Manager, a project maintenance employee and two others were also convicted of conspiracy to defraud HUD. The conspirators received more than $10,200 in "under the table" payments to assist prospective tenants in avoiding the waiting list and falsifying their assistance applications. The court has thus far ordered restitution of $85,257 to HUD in this case, and those convicted and sentenced have received 15 months incarceration, 53 years probation, and 1,000 hours of community service. Sentencing is pending for one individual. (United States vs. Carolyn Coleman, et al, District of Maryland.)

- Nineteen individuals were charged by indictment or information with 103 counts of submitting false statements to HUD between 1981 and 1985 with regard to family income and composition. The false statements resulted in rental subsidy overpayments of $188,000 at Damen Court, a Chicago housing project. In addition, the U.S. Attorney issued two civil complaints against three individuals for failing to properly report their income and announced that two individuals had agreed to be placed in pretrial diversion programs with a full restitution stipulation. The civil complaints demanded the payment of a penalty and double damages totaling $50,636. Those charged included thirteen former or present public employees, including a current Staff Assistant to the HUD Regional Administrator in Chicago, Illinois. (United States vs. Grace Foster, et al, Northern District of Illinois.)

- A Housing Authority Executive Director and three landlords were convicted on charges of conspiracy and theft. The Executive Director received a 1-year prison sentence, and one landlord was sentenced to 6 months in jail. The sentences of the four individuals totalled 18 years probation, $10,638 in restitution, $12,000 in fines, work release of 6 months, and 200 hours of community service. From May 1983 to August 1984 the Executive Director authorized assistance payments to be made to the three landlords for fictitious tenants in an approximate amount of $47,000. (United States vs. Patricia Giannini, Mary E. Peterson, Diane Magnuson, and Shirley Newkirk, Eastern District of Wisconsin.)

■ Two tenants were sentenced following their conviction for making false statements to receive Section 8 assistance. They were sentenced to 3 years in prison (suspended), ordered to make restitution of $3,743 to HUD, and fined $200 each. The two were among seven tenants indicted on 31 counts of making false statements and/or engaging in conspiracy to defraud HUD. The tenants lived in three different cities and caused overpayments of Section 8 assistance totalling $42,925. Trials are pending with the other five tenants. *(United States vs. R. and L. Woollery, M. Santi, T. Forbes, J. Cruz, G. Thaxton, and S. Prince, Eastern District of Pennsylvania.)*

■ A Los Angeles County Housing Authority employee and a property owner conspired to defraud the government of approximately $58,300 in housing assistance payments. The employee entered into a plea agreement to repay $54,475 to HUD for funds that were improperly obtained from the Department. The employee, in a conspiracy with the property owner, certified that a property was rented to a person who was eligible for assisted housing when in fact the owner was residing in the assisted unit. The employee and the owner shared the subsidy payments. In addition, the employee was making subsidy claims for property he owned in violation of Housing Authority conflict-of-interest rules. *(United States vs. Clyde Wright and Alvin Sanders, Central District of California.)*

■ A Section 8 recipient was sentenced to 3 years in prison and 5 years probation to run consecutively for mail fraud and submitting false statements. The recipient failed to disclose her entire income, a portion of which was derived from her employment in a Federally funded New York community action program resulting in overpayments in rental assistance totalling $19,800. *(United States vs. Dorothy Brown, Southern District of New York.)*

■ Three student aliens were indicted for defrauding HUD programs. Two of the individuals have been convicted and the third is awaiting trial. During September 1985, these two students were sentenced to a combined total of 3 years and 6 months in prison, 10 years probation after serving their prison sentences, and ordered to make restitution to HUD in the amount of $12,678. They were indicted on several counts of making false statements to receive rental assistance by falsifying their income, and they subsequently pled guilty. *(United States vs. Charles Ojo, Ekpenyoung Eke and Sylvester Dikas, Western District of Texas.)*

■ A West Palm Beach, Florida tenant was sentenced to 2 years imprisonment and fined $5,000 after a joint investigation by the HUD and Department of Health and Human Services Offices of Inspector General disclosed that the tenant received $46,322 in subsidized housing, food stamps and disability benefits to which she was not entitled. On the housing assistance matter, the tenant was charged with falsifying her income between 1979 and 1983 to receive $9,580 in assistance. Trial is pending. *(United States* vs. Hyacinth Logan, Southern District of Florida.)

- A tenant and landlord in Boston, Massachusetts, were indicted for theft of government property and making false statements. The tenant and landlord shared ownership of the property during the time the tenant received $12,489 in rental assistance to which she was not entitled. Trial is pending. (United States vs. Bridget Mandelbaum and Andrew S. Klein, District of Massachusetts.)

- A tenant was indicted on 11 counts of submitting false statements to HUD and the Departments of Health and Human Services and Agriculture to obtain government assistance. From March 1981 through September 1982, the tenant intentionally did not disclose Canadian welfare payments resulting in an overpayment of $11,195 in Federal assistance. Four of the 11 counts pertained to housing assistance. Trial is pending. (United States vs. Ruth Vivian Singer, Western District of Washington.)

Performance Funding System

Audits of public housing authorities (PHAs) continue to identify errors in computing allowable utility expense and target investment income subsidies under the Performance Funding System (PFS). The complexity of the System makes it difficult to effectively administer. Consequently, overpayments were made. In early October 1985, we briefed the Assistant Secretary for Public and Indian Housing on the results of our overall audit efforts. We expect to issue a summary report during the first quarter of Fiscal Year 1986. Exmples of recent audits which demonstrate problems with the PFS follow.

- HUD's Philadelphia, Pennsylvania, and Richmond, Virginia Offices did not implement procedures to verify that four PHAs under their jurisdiction had correctly computed allowable utility expense and target investment income as required by HUD instructions. Consequently, errors made by PHAs were not identified and PHAs were overpaid $1.1 million in operating subsidies. We recommended that the PHAs submit revised PFS documents to serve as the basis for HUD's recovering $1.1 million in subsidy overpayments, and that the Region implement controls to correct weaknesses found. (Audit Report No. 85-PH-101-0003.)

- HUD's Atlanta, Georgia, and Greensboro, North Carolina Offices overpaid five PHAs $741,647 in operating and utility subsidies. The five PHAs made substantial errors in computing target investment income and allowable utility expense under the PFS. The errors went undetected because procedures and controls were not implemented to ensure that target investment income and allowable utility expense were computed according to HUD requirements. We recommended that the PHAs correct the errors and submit amended computations to HUD. We also recommended that the Field Offices adjust the subsidies to reflect the amended computations and provide training to housing management officers on the computation of target investment income and allowable utility expense. (Audit Report No. 85-AT-101-0006.)

In August 1985, we opposed the issuance of a rule modifying the PFS as it relates to target investment income. We believe the modification further complicates rather than improves the System that caused past deficiencies noted during our audit. In September 1985, we agreed to lift our opposition in order for this rule to be considered by the Office of Management and Budget and the Congress during this Congressional session. Our agreement was based on the Assistant Secretary for Public and Indian Housing's assurance that his office would reevaluate the entire PFS process and, if necessary, issue a subsequent regulatory revision.

During the reporting period, we also opposed the June 24, 1985 publication of an Interim Rule for Modification to the PFS (Vacancy Rule) because the Rule further complicated already difficult calculations. In addition, we pointed out that existing handbook procedures require the maintenance of accounting records not normally required as part of a PHA's low-rent accounting system. We also disagreed with eliminating charges for tenant repairs and eviction-related legal fees from other income, and the proposal concerning year-end adjustments to other income and rental income.

Public Housing Fraud

The following investigation activities in the Public Housing Program area are noteworthy:

- The Executive Director of the East St. Louis, Illinois Housing Authority (ESLHA), was debarred from doing business with HUD for 5 years after he was sentenced to serve 7 years in jail and was ordered to make restitution of $116,834 for defrauding HUD. He had previously been found guilty on seven counts of bribery, seven counts of embezzlement, one count of conspiracy and two counts of filing false income tax returns. Additionally, a general contractor

One of two boarded-up and uninhabited buildings on which a $2.2 million contract was awarded, $1.4 million was disbursed to the contractor, and only $150,000 worth of work was performed.

was sentenced for his part in the conspiracy to 4 years imprisonment and ordered to make restitution of $250,000 to HUD. Another contractor involved in the conspiracy was sentenced to 1 year and 1 day in jail and ordered to pay a $10,000 fine. The Executive Director conspired with the contractors to award a $2.2 million modernization contract in order to receive kickbacks totalling $116,834. The general contractor, in turn, billed the ESLHA for $1.4 million even though the value of the work performed was only approximately $150,000. The modernization money was entirely funded by HUD. The investigation was conducted jointly by the FBI and the HUD Office of Inspector General. (United States vs. A. Wendell Wheadon, Robert F. Jacox, and Walter Avant, Southern District of Illinois.)

An example of one of the unit's interior was typical of most of the units and depicts the absence of any work performed.

■ Three officials of the St. Mary's, Georgia Housing Authority were found guilty of misapplying HUD funds totalling approximately $83,450. The Chairman of the Board of Commissioners, the Executive Director of the Housing Authority, and her husband were charged with the misapplication of funds by having the money paid into private and corporate accounts for the personal use of the Housing Authority officials. Sentencing is pending. (United States vs. John Ingram, John Conner, and Clarice M. "Nell" Conner, Southern District of Georgia.)

■ A Director, Social Service Division, St. Louis Housing Authority (SLHA), St. Louis, Missouri, was placed on probation for 5 years and fined $5,000 after pleading guilty to embezzling $12,715 of SLHA funds. The Director issued several SLHA checks to a relative who then returned the money, and also issued checks to various vendors for personal services and non-SLHA related functions. The Director was debarred from participation in HUD programs for 1 year. (United States vs. Dorothy Harrison, Eastern District of Missouri.)

■ A Chickasaw Nation Tribal Councilman in Ada, Oklahoma, was indicted on three counts of making false statements. The Councilman was charged with obtaining unauthorized benefits of $11,297 by failing to report his spouse's income over a 4-year period for continued occupancy. Trial is pending. (United States vs. Robert Imotichey, Eastern District of Oklahoma.)

Indian Housing Programs

The development of Indian Housing units is unduly lengthy and costly and once developed, the housing is poorly managed. These are the initial results of our recent audit of the development of Indian Housing in HUD's five Offices of Indian Programs as well as several ongoing and completed audits of Indian housing authorities. HUD management at both the Regional and Headquarters levels have initiated, and will continue to take, actions designed to overcome the types of deficiencies discussed in the following audit reports.

■ The Office of Indian Programs (OIP) in the Chicago Region did not take effective action to detect and prevent project development delays, or seek timely resolution of the delays once they occurred. Also, the OIP did not cancel program reservations when units could not be built timely. As a result, the OIP lost an estimated $10.2 million in purchasing power on 11 projects, while HUD lost the use of $4.9 million in funding authority because the OIP did not timely cancel program reservations. The OIP advanced over $10.2 million in funding to Indian housing authorities (IHAs) in excess of their needs, and failed to comply with unit allocation procedures to assure that new housing units were allocated to IHAs having adequate administrative management capabilities. Lack of management capacity could jeopardize over $20 million in development funding awarded by the OIP in 1983 and 1984. In addition, the OIP did not actively pursue the repayment of $1.3 million in excess development funds advanced to IHAs. We recommended that the OIP establish management control systems which will assure that: approved projects progress timely or are cancelled; funds are advanced to promote efficient, economical, and proper use; new units are allocated to IHAs with adequate management capabilities; and the collection of excess financing is actively pursued. (Audit Report No. 85-CH-10-0010.)

■ HUD's Oklahoma City Office (OCO) needed a system to effectively monitor Indian Housing Program progress during the preliminary planning stage. Thirty-five projects with $50.9 million in funding remained in that stage from 1 to 3 years. Also, the OCO's procedures for approving applications for new housing units were arbitrary and undocumented. A review of 1984 applications found that seven of the eight IHAs that were awarded new units failed to meet minimum required levels for administrative capacity. These seven IHAs were allocated 503 units with total reserved funding of about $21.6 million. In addition, the OCO's lack of an adequate system to monitor project inspection may have contributed to IHAs' increasing need for funds. We recommended that systems be established to review and evaluate project progress, evaluate the administrative capability of IHAs applying for new units, and monitor IHAs' inspection processes. (Audit Report No. 85-FW-101-0004/0C-85-76.)

- The OIP in the Seattle Region failed to enforce timely budgetary control and accountability for final project costs and actual cost certification. Consequently, projects remained open for excessive periods and authorized development costs increased by $3 million after the date the projects should have been completed and final costs certified. In addition, IHAs have been allowed to budget excess amounts for interest costs ($532,358) and receive excess advances due to underestimated income ($415,449). We recommended that the OIP: (1) ensure that final budgets are properly controlled and development costs certified for all IHA projects; and (2) establish procedures to prevent future excess budgets that may result in overstated costs or understated income. (Audit Report No. 85-SE-101-0003.)

In addition, external audits of IHA operations have shown operating deficiencies. Examples include the following:

- The financial stability of the Crow Creek Housing Authority in Fort Thompson, South Dakota, is rapidly deteriorating because of poor management. Tenants are allowed to remain in housing almost rent free because of the Authority's rent collection practices. This seriously reduces operating funds available for maintenance and ultimately the units' condition and liveability. Many other problems continue to plague the Authority such as the quality of maintenance, the lack of adequate energy conservation and the need for better staff supervision. Although the Authority consists of only 275 units, tenants owe over $342,000 in rent. Also, mismanagement of modernization activities has resulted in $450,000 in expenditures contrary to HUD requirements. We recommended that HUD provide necessary guidance and assistance to the Authority so that problems can be alleviated, and that HUD follow up and monitor progress as conditions warrant. (Audit Report No. 85-DE-202-1003.)

- The Ho-Chunk Housing Authority, Black River Falls, Wisconsin, mismanaged its housing program resulting in substantial tenant accounts receivable, increased reliance on HUD operating subsidies, wasteful expenditures and deteriorated housing units. The primary reason for the problems was ineffective management precipitated by high employee turnover. We recommended that guidance and assistance be provided to the Authority to remedy management deficiencies, particularly regarding employee turnover and training. (Audit Report No. 85-CH-202-1101.)

Single Family Insured Programs

In our last Semiannual Report, we discussed several important problems in the Single Family Insured Programs. Reports issued by our office and the General Accounting Office over an extended period of time identified a pattern of serious mortgage underwriting problems. In addition, the media reported program abuses and questioned HUD's ability to manage and oversee the mortgage insurance programs. Certain lenders, borrowers, investors, and real estate agents have misused the programs, as evidenced below.

In June 1985, Secretary Pierce established a Task Force of top officials, chaired by the Assistant Secretary for Administration, to look at the Single Family Programs. The Task Force has begun reviews of areas such as underwriting, program design, program management, and sanctions. Within the context of these areas, the Task Force is focusing attention and resources on numerous specific issues which should address the problems highlighted in previous OIG and GAO audits. We believe the comprehensive approach taken by the Task Force can significantly improve the policies, procedures, and management controls governing the Single Family Insured Programs. We will continue to play an active role in supporting the Task Force efforts.

The following are examples of the problems which exist throughout the country.

Investigation Activities

1. *Builders and Contractors*

■ A homebuilder from Van Buren, Arkansas, pled guilty to eight counts of submitting false statements to HUD in order to obtain HUD-insured mortgages. He built and sold single family homes to individuals who did not have the necessary earnest money, down payments, and/or closing costs. Nine properties having HUD-insured mortgages went into foreclosure, resulting in a potential loss to the government in excess of $250,000. Sentencing of the builder is pending. He has been suspended from participation in HUD programs. Our investigation followed a 1984 HUD audit of a Fort Smith, Arkansas mortgage company. (United States vs. Willie D Mooney, et al, Western District of Arkansas.)

■ Three partners in a Marysville, Washington homebuilding firm pled guilty to making false statements. The senior partner was sentenced on two counts to 6 months in prison and ordered to repay $575,000 to HUD. His son and son-in-law were each sentenced on one count. As investors in the 'Builder Buy Back' Program, the three reported down payments of from 15 percent to 20 percent when, in fact, none were made. The loss to HUD following foreclosure and resale of 76 properties was estimated at $1.4 million. The three partners have been suspended from participation in HUD programs. (United States vs. Merton Gribble, Dale Gribble, and Craig Shepard, Western District of Washington.)

■ Eleven individuals involved with HUD's Section 518(b) home repair program were indicted in April 1985, on charges of conspiracy, mail fraud, false statements, conspiracy to obstruct, obstruction of justice, and perjury. Those indicted included four contractors, an attorney, and six current or former HUD Boston, Massachusetts Office employees. The 24-count indictment charges that, from 1977 to 1980, the contractors submitted more than 200 invoices for repair payments totalling over $500,000 which were either grossly inflated or completely fraudulent. The HUD officials allegedly knew this and approved the invoices for payment. The HUD officials also allegedly requested and received items of value from the contractors, including extensive work on their homes and the homes of family members. Three of the 11 defendants have pled guilty. Two of the contractors have been temporarily denied participation in HUD programs, and four HUD employees have been suspended from their positions. (United States vs. George W. Rendle, et al, District of Massachusetts.)

2. Loan Officials

- A mortgage company vice

Front View of Camden, NJ Duplex

Side View of Camden, NJ Duplex

president was sentenced to 2 years in prison (with 1 year suspended), a real estate appraiser was sentenced to 2 years in prison, and a real estate broker was sentenced to 1 year in prison in connection with their involvement in the origination of fraudulent HUD-insured mortgages in the Camden, New Jersey area. The broker bought a duplex (see pictures) for $300 and obtained grossly inflated appraisals by paying off the mortgage official and the appraiser. Two FHA-insured loans were obtained, although the duplex was not habitable. The mortgages were eventually foreclosed, and HUD paid insurance claims of $73,700. (United States vs. Stephen Springer, Alvin Matthews, and Kenneth Choseed, District of New Jersey.)

■ A mortgage loan processor was sentenced to 6 months in a halfway house and 400 hours of community service after pleading guilty to conspiracy for making fraudulent HUD-insured mortgages in the Camden, New Jersey area. He made and encouraged others to make false statements to enable unqualified buyers to obtain HUD-insured mortgages. (United States vs. Frank Shevlin, District of New Jersey.)

3. Speculators

■ A Tulsa, Oklahoma real estate speculator was sentenced to 5 years in prison and fined $25,000 after pleading guilty to conspiracy and false statement charges. A co-conspirator was also sentenced to 5 years in prison and fined $25,000. A joint investigation by our office and the FBI revealed that the speculator conspired to procure and submit false loan applications in the name of strawbuyers for HUD-insured loans on properties in the North Tulsa area. (United States vs. Nathaniel Mosby and Edgar F. Linzy, Northern Districts of Texas and Oklahoma.)

■ A Camden, New Jersey real estate speculator was indicted on nine counts of making false statements and one count of conspiracy. He allegedly made or assisted others in making false statements to enable unqualified buyers to obtain HUD-insured mortgages. He has been suspended from further participation in HUD programs. His trial is pending. (United States vs. Thomas J. Vogdes, District of New Jersey.)

■ A speculator in Fresno, California, pled guilty to a one-count misdemeanor violation of theft of government funds. By manipulating closing escrows, he was able to create the appearance that down payments had been made for three HUD-insured loans. These three properties were subsequently foreclosed at a loss of $23,000 to the government. The speculator was placed on probation for 90 days and ordered to repay $23,000. (United States vs. Emil C. DeVincenzi, Eastern District of California.)

4. Realtors

■ A Las Vegas, Nevada real estate broker was sentenced to 2 years in prison for submitting false statements to HUD. The realtor (already on probation at the time for fraud and obstruction of justice) submitted or participated in submitting false employment verifications to obtain two HUD-insured loans. He was suspended from participation in HUD programs. (United States vs. Melvin A. Myers, District of Nevada.)

■ A Camden, New Jersey realtor was sentenced to 2 years in prison after being convicted on 10 counts of conspiracy and submitting false statements. An investigation conducted by a task force from our office, the Veterans Administration, and the FBI developed evidence that the realtor induced unemployed mortgage applicants to make up fictitious jobs. These jobs were then used to qualify the applicants for HUD-insured mortgages. (United States vs. Joseph Pliszczak, District of New Jersey.)

■ Two Minneapolis, Minnesota real estate brokers were sentenced to 1 year of supervised probation for conspiracy to defraud HUD in the purchase of single family homes. A joint investigation by HUD and the FBI determined that the brokers had relatives and friends apply for owner-occupant insured mortgages on six properties. After the mortgages were secured, the properties were immediately assumed by the brokers, who then made no loan payments. The brokers have been denied participation in HUD programs for 1 year. (United States vs. James D. Whelan and Ronald Gellerman, District of Minnesota.)

5. *Equity Skimming*

Equity skimming is an increasingly frequent scheme whose victims are homeowners in financial difficulty and/or trying to sell their homes. The new buyer assumes the existing mortgage on the property, rents it to a tenant (or back to the former owner), and collects the rent but does not make the mortgage payments. The property eventually goes into foreclosure. The potential losses to the Department's insurance funds are very high. We currently have 33 investigations in progress involving equity skimming in 25 locations. We have also worked with HUD's Office of Housing to prepare a letter to FHA and VA mortgagees instructing them to alert borrowers to the typical warning signs, so they and the Department can avoid being victimized. The Single Family Task Force has made equity skimming a major issue for review.

■ A Salt Lake City, Utah real estate broker was sentenced to 120 days in a halfway house and ordered to make restitution after pleading guilty to equity skimming and false statement charges. The broker and his partner assumed eight single family FHA loans, rented out the properties, but did not make the mortgage payments. The mortgages then went into default, with a loss to HUD in excess of $159,000. (United States vs. Michael A. Stagg, District of Utah.)

6. *General*

■ A HUD computer specialist was found guilty of bribery after attempting to bribe a HUD official to obtain a HUD-owned property without going through the competitive bidding process. The HUD employee resigned his position after being arrested and has been suspended from further participation in HUD programs. His sentencing is pending. (United States vs. Joseph Perez, Southern District of New York.)

- A private citizen who misrepresented himself as a HUD employee was sentenced to 5 years probation and ordered to repay $15,000. He pled guilty to second degree grand larceny in connection with a scheme in which he claimed to be a HUD employee, promised to obtain HUD-owned properties for six people, and secured down payments from them. (State of New York vs. David Ronald High.)

- A borrower was indicted in Sioux Falls, South Dakota, for making false statements on two Title I home improvement loan applications. He obtained a $13,800 loan for home repairs, but no repairs were made, and the money was allegedly used to buy a truck. His trial is pending. (United States vs. Darryl Williams, District of South Dakota.)

- A borrower in Kansas City, Kansas, was sentenced to 5 years probation and ordered to repay $10,680 to HUD. In her Title I loan application, she falsely denied the existence of two home improvement loans which went into default. (United States vs. Rosemary Parks, District of Kansas.)

Audits Referred To Mortgagee Review Board

The Mortgagee Review Board was established in 1975 to strengthen HUD's monitoring and control of mortgagees' performance. Findings in audit and investigative reports are directed to the Board which has the authority to take sanctions against mortgagees. During this reporting period, six audits were referred to the Board. They were: Columbus First Mortgage Company, Columbus, Ohio; Creative Mortgage Company Inc., Columbus, Ohio; Fleet Mortgage Corporation of Wisconsin, Branch Office, Wauwatosa, Wisconsin; Lomas and Nettleton, Branch Office, Lancaster, Pennsylvania; M&I Grootemaat Mortgage Corporation, Milwaukee, Wisconsin; and Universal Mortgage Corporation, Milwaukee, Wisconsin.

These companies originated mortgages which had significant loan origination deficiencies. These included falsified documents, signed blank documents, overstated income, overstated assets, and understated liabilities. As a result of the actions of these companies, HUD insured loans for mortgagors who did not qualify for insurance, thus increasing the Department's risk of losses. We recommended the Mortgagee Review Board apply appropriate administrative sanctions against all six companies.

At its meeting of October 3, 1985, the Board considered the reports on Creative, Columbus First, and Lomas and Nettleton. Action on Lomas and Nettleton was deferred pending receipt of information concerning their adherence to a previous settlement agreement with the Department. The Board is considering an administrative action against Creative Mortgage Company, but would consider a settlement under which Creative would indemnify HUD for six loans and implement a Quality Control

Plan. The Board is also considering an administrative action against Columbus First, but would consider a settlement under which Columbus First would indemnify HUD for one loan and implement a Quality Control Plan. The audits of Universal, Fleet and M&I Grootemaat will be considered by the Board at its next meeting.

Mortgagee Review Board Legislation

A proposed change to the National Housing Act would authorize the Board to impose monetary fines and to recover the administrative costs of imposing sanctions, including costs incurred by the Office of Inspector General in performing any audit or investigation on which a Board sanction is based. We support this legislative action, because it would strengthen the sanctioning process against those mortgagees and lenders who pose the greatest risk to the Department's insurance funds.

Multifamily Insured Programs

During this reporting period, we found serious problems in the areas of property taxes and property management.

Property Taxes

HUD staff have not adequately monitored property taxes paid on HUD-owned or HUD-insured multifamily projects. Owners have little incentive to minimize real estate taxes because these expenses are passed along in the form of higher rents and/or increased Federal subsidies. Management fees are typically based on a percentage of gross rents, and a reduction in taxes would reduce gross rents. Therefore, HUD must ensure that property taxes are reasonable. However, we found that owners were not urged by HUD to review and appeal assessed valuations, were not made aware of legal developments regarding HUD-subsidized projects, and were not taking advantage of tax exemptions. Our audits disclosed:

- Owners of 26 projects in Maine and New Hampshire paid $485,000 in real estate taxes which were legally avoidable. Approximately $529,000 in real estate taxes were overpaid on 30 projects in Connecticut, Massachusetts, and Rhode Island because assessments were not appealed. (Audit Report No. 85-BO-111-0007.)

- Owners of 25 Section 202 projects in Wisconsin, Indiana, and Ohio did not take advantage of legislative exemptions which could have saved $500,000 in taxes. An additional 13 Section 221(d)(3) and 236 projects were overassessed by $2 million. (Audit Report No.85-CH-111-0009.)

- A property tax consultant estimated that 30 projects in Florida, Georgia, and Tennessee were overassessed by $3.7 million. In addition, four projects in Florida and one in Georgia which qualified for tax exemptions paid $1.8 million in unnecessary property taxes. In Tennessee, 26 projects for the elderly paid $1.1 million in taxes or payments in lieu of taxes which were legally avoidable. (Audit Report No. 85-AT-111-0008.)

We have recommended that HUD institute an effective monitoring system for the assessment and payment of property taxes. HUD must work closely with multifamily project owners and agents to keep these expenses to a legal minimum. A nationwide audit of this problem is in process and should be completed by March 1986.

Multifamily Project Management

The following are the major instances of property mismanagement:

- The officials of three multifamily projects in Flushing, New York, improperly distributed project funds totalling over $2.1 million to themselves and their family members. These distributions were usually classified as 'loans to officers.' As a result, the projects did not have funds for necessary project expenses and no mortgage payments had been made since July, 1980. All three projects went into foreclosure. We recommended that HUD require the mortgagor to repay all the improperly distributed funds. (Audit Report No. 85-NY-212-1052.)

- The owners of Central Towers Apartments in San Francisco, California, violated regulatory requirements and prudent management practices in the following ways: unauthorized liens; underfunded security deposits; inadequate maintenance, accounting, and rent receipt controls; and improper cash distributions during mortgage default. The project went into receivership in November 1984. Of $1.7 million in disallowed costs, $1.6 million have already been recovered. We recommended that HUD's Regional Administrator monitor this project very closely and provide necessary technical advice and support. (Audit Report No. 85-SF-212-1010.)

- The mortgagor of Rainbow Village Apartments in Springfield, Oregon, did not adequately monitor the project's operations to ensure compliance with HUD requirements or to safeguard project assets. We found deficiencies in verifications of tenants' eligibility and income; procurement activities; rent collections; receipt deposits; and recordkeeping. These resulted in excessive housing assistance payments and operating costs. Previous monitoring by HUD and previous Independent Public Accountant audits did not disclose these deficiencies. We recommended that HUD require the mortgagor to repay the excessive costs and implement an internal control system. HUD should also determine why these problems were not detected and what steps must be taken to improve Field Office monitoring. (Audit Report No. 85-SE-212-1002.)

- A management agent in Des Plaines, Illinois, obtained $260,000 of excessive subsidies from HUD by charging higher rents to tenants receiving HUD assistance than to tenants not receiving assistance. The agent also disbursed $125,000 for unnecessary or excessive costs and did not deposit $65,000 of income (generated by the coin laundry) into a project account. We recommended that HUD recover all the excess subsidy payments and instruct the management agent to reimburse the project for other disallowed costs. (Audit Report No. 85-CH-214-1017.)

Investigation Activities

The following are significant investigations in the Multifamily Program area:

- A general contractor who built a HUD-subsidized project in Moline, Illinois, was sentenced to 120 days in jail and 4 years probation after being convicted of submitting false statements to HUD. He had previously been sentenced to a work release program and probation, but violated the terms of the probation. He was found guilty of falsifying workers' payrolls, causing underpayments of approximately $66,000. (United States vs. Larry Carlson, Central District of Illinois.)

- A corporation, its president, and its vice-president/treasurer were indicted on 14 counts of submitting false statements. The indictment alleged that while doing plumbing work on a HUD-financed project in Las Vegas, Nevada, a subcontractor (the corporation president) and his wife (the vice-president/treasurer) submitted false payroll certifications while underpaying their employees and requiring some workers to kick back part of their earnings. HUD has directed the Las Vegas Housing Authority to withhold approximately $51,000 from a general contractor on the project to cover the underpayments until the matter is adjudicated. Trial is pending. (United States vs. Randy and Stefani Schwartz and Ramrod Plumbing, District of Nevada.)

- A person who misrepresented himself as a government affairs consultant in Evansville, Indiana, was sentenced to 10 years in jail for defrauding a firm involved in the development of HUD projects. The five-count indictment charged that the individual falsely indicated he could influence decisions at HUD and could, for a fee, obtain a below market rate $20 million HUD loan for the firm. When the firm's official travelled to Washington, D.C., the individual set up two bogus law firms to induce payment of the fee. He forged three checks purportedly drawn on the account of the Federal National Mortgage Association and delivered the checks in return for a $1.1 million fee. Two co-defendants were placed on probation and fined $3,000. (United States vs. Rockland Lee Winchell, Elmer Pettis, Jr., and Robert Fowler, Southern District of Indiana.)

Community Planning and Development

During the reporting period, we noted significant problems in four areas: Urban Development Action Grants; Community Development Block Grants (CDBG); State Administration of the CDBG Program (formerly the State Small Cities Program); and the Jobs Bill Program.

Urban Development Action Grant Program

We found that two grantees did not properly manage their Urban Development Action Grants (UDAGs):

- Our audit of four UDAG activities in the City of Macon, Georgia, disclosed significant instances of program noncompliance. We found that: projects were started prior to and revised without HUD approval, CDBG income was improperly credited to UDAG projects, and agreements with developers to complete grant activities were not enforced by the City. In one project, only 10 of 50 units were completed, and the project has been inactive for 2 years. Another project is in serious risk of default. In addition, we found that the City's former Director of Community Development was involved with three of the projects in an apparent conflict of interest. Since these deficiencies were not identified and/or corrected by HUD program personnel, we recommended that the Regional Administrator direct HUD staff to strictly apply applicable monitoring requirements. The Regional Community Planning and Development (CPD) staff is working with the City to resolve the findings. HUD is in the process of amending the grant agreement and reevaluating the developer's costs. Subsequent to our audit, the Regional CPD staff granted an exception to the conflict-of-interest provision for one project and is currently evaluating the remaining projects. The City will be cautioned about future expenditures. (Audit Report No. 85-AT-242-1019 and Audit Memorandum No. 85-AT-143-0005.)

- The City of Baltimore, Maryland, did not ensure that a developer used UDAG funds in accordance with the grant agreement. The developer used UDAG funds of $616,000 for cost overruns and $246,000 for homebuyers' closing costs. The project is more than 2 years past its scheduled completion date and has budget overruns in four categories of $1.7 million. We recommended that the City be required to repay the $862,000 from non-Federal funds, provide justification for the project's delay, and document actual construction costs, including the budget overruns. (Audit Report No. 85-PH-242-1013.)

Community Development Block Grant Program

The following were significant audits in the CDBG Program:

- The City of Niagara Falls, New York, did not adequately administer its CDBG Program. When requesting HUD approval of a $4.5 million temporary loan to a shopping center developer, the City supplied information which later could not be documented and may have been misrepresented. Over $1 million of program income that was to have been used to repay the loan was instead loaned to tenants of the shopping mall. The City also failed to implement administrative and financial controls over $1.1 million, and instead relied on unverified information supplied by the developers. Consequently, the City cannot effectively evaluate the progress of its CDBG activities. We recommended that the City be required to justify the loan information supplied to HUD, or else the loan should be rescinded. Program officials have tentatively sustained $2.4 million of disallowed costs. (Audit Report No. 85-NY-241-1054.)

- The City of Marlborough, Massachusetts, spent $182,000 of grant funds on excessive, unnecessary, or unsupported administrative expenses. The City also spent $116,000 for ineligible maintenance of effort activities. Five parcels of land (valued at $286,000) which were to have been public parks were converted into municipal parking lots, but no payment was made to HUD for this land. Finally, because the financial settlement of the grant has not been completed, HUD has been denied over $457,000 in categorical program settlement funds that could be used for other Urban Renewal projects. We recommended that HUD require the City to repay $298,000 in questioned and disallowed costs and reimburse the Department for the estimated value of the land. We also recommended that unused grant letter-of-credit funds totalling $457,000 be cancelled. (Audit Report No. 85-BO-244-1011.)

CDBG Regulatory Revisions

The Office of Community Planning and Development proposed to amend substantial portions of its CDBG regulations. We had two major objections to these revisions: (1) the new regulations do not adequately distinguish between administrative costs which are subject to a 20 percent ceiling and those which are not; and (2) the issue of whether to limit the use of lump-sum drawdowns has not been resolved.

State Administration of the CDBG Program

We completed an audit of the State Administration of the CDBG Program (formerly the State Small Cities Program) and found that States are, in general, making progress in establishing internal procedures and controls to properly administer the Program. However, we did find that inadequate fund distribution and eligibility controls made it difficult for States to justify some funding decisions. For example, one State funded three Small Cities projects totalling $1.4 million which did not meet statutory requirements or the State's own threshold requirements. We found that the States' monitoring was inadequate to ensure that fund recipients were carrying out their programs in a timely manner or even that the recipients had the capacity to do so. In addition, recipient grants were not being closed out, because States had not developed or implemented controls to ensure compliance with closeout procedures. We recommended that HUD assist the States in developing and implementing procedures and controls to prevent these weaknesses from resulting in serious program waste and abuse. Our audit work was conducted in the States of Alabama, Connecticut, Massachusetts, Missouri, Nebraska, Pennsylvania, South Carolina, and Virginia. (Audit Report No. 85-TS-142-0017.)

Jobs Bill Program

There is major disagreement between our office and CPD regarding the extent of effort required by grantees to create jobs for the unemployed. In our report on the City of Raleigh, North Carolina (Audit Report No. 85-AT-241-1006), we questioned $487,000 of Jobs Bill funds awarded the City, because the City did not adequately plan for or develop projects which created jobs. In an audit of Snohomish County, Washington (Audit Report No. 85-SE-241-1005), we questioned $900,000 in Jobs

Bill funds which were used to carry out previously funded or other unfunded CDBG activities. The majority of activities were public works projects carried out by existing staff. The effect of these efforts on unemployment was negligible.

It is the OIG position that efforts to hire the unemployed by the grantees in question were so slight that the legislative intent was not met. CPD believes the rapid expenditure of Jobs Bill funds, with some effort to target funds to create jobs for the unemployed, is meeting the legislative intent. In a recent letter, the Assistant Secretary for CPD stated "Job creation for the hard-core unemployed was not the only objective of the Jobs Bill legislation. The primary objective of the CDBG portion of the Jobs Bill was to quickly increase the amount of productive work available, particularly in the depressed construction industry.

In developing Jobs Bill processing procedures and instructions, our reading of the statute and our knowledge of the Congressional debates over the legislation led us, with the concurrence of the Office of General Counsel, to emphasize the rapid use of the funds."

We met with CPD in an effort to resolve this disagreement. We are currently planning to refer this matter to the Department's audit resolution group.

Investigation Activities

The following are significant investigations in the CPD area:

- The former Mayor of Patillas, Puerto Rico, the former Municipal Program Director, and a contractor were indicted on charges of making false statements. The indictment alleged that the defendants furnished false performance reports indicating that certain construction work (which was paid for with CDBG funds) was completed, when in fact the work was not performed and the money was utilized at other locations. The individuals certified that over $111,000 of work had been completed. They have been suspended from further participation in HUD programs. (United States vs. Benjamin Cintron Lebron, et al, District of Puerto Rico.)

- One former and two current Aldermen for the City of East St.Louis, Illinois, pled guilty to four counts of bribery. The indictment charged that the Aldermen solicited and accepted money from a contractor in return for favorable treatment in the award of a CDBG-funded contract. During an investigation conducted by the FBI and our office, it was determined that the Aldermen accepted money for demolition and weed-cutting contracts let in their particular city wards. Their sentencing is pending. (United States vs. Julius Walker, et al, Southern District of Illinois.)

- A City rehabilitation specialist for Watertown, Massachusetts, was indicted on five counts of extortion and 28 counts of making and using false and fraudulent statements. The indictment alleges that the official of the State-administered Watertown Home Improvement Program (WHIP) illegally sought and obtained over $10,000 from four contractors working in the WHIP. (United States vs. James P. Pepicelli, District of Massachusetts.)

General Administration

During the reporting period, we focused efforts on certain support functions of the Department, specifically, contracting and accounting activities.

Contracting

We found that although progress has been made in establishing a system of internal controls to prevent wasteful year-end spending in contracts, grants and cooperative agreements awarded by HUD's Office of Procurement and Contracts (OPC), additional emphasis on monitoring procurement plans could make the system more effective. We also found that some proposed work statements were poorly defined and some cost proposals were poorly documented or inflated.

Year-end Spending Practices

■ In Fiscal Year (FY) 1984, we found that while most offices complied with the requirements of HUD's Advance Procurement Planning System (APPS), OPC experienced a disproportionately high volume of requests for services from HUD's Office of Community Planning and Development (CPD). OPC completed 124 or 78 percent of CPD's 158 FY 1984-funded actions in the fourth quarter. CPD planned only nine funded actions for submission to OPC in the fourth quarter, yet actually submitted 87. We reviewed nine procurement actions and found three specific cases which we believe were hurried through the system, resulting in the short-cutting or omission of normal phases of the award process. We are conducting an audit of the technical assistance program to evaluate CPD's compliance with procurement procedures.

We recommended that the Assistant Secretary for Administration direct OPC to improve the timing and content of APPS status reports, submit APPS status reports to the heads of organizations which deviate from APPS plans, and establish and enforce cut-off dates or restrictions on the number and type of unplanned fourth-quarter requests to be processed.

Pre-award Evaluations

■ Pre-award evaluations of cost-reimbursable contract and cooperative agreement proposals totalling $959,000 resulted in their return by OPC to the requesting office because of major deficiencies in the proposals. One proposal's estimated costs were not adequately supported and some of the proposed work appeared to duplicate the work required by a prior HUD purchase order. We also found the Statement of Work to be vague concerning the services to be provided. We recommended delaying funding until the cost estimates could be supported, any duplication of effort be eliminated and the requirements of the award be clarified.

Costs for a training agreement in another proposal appeared excessive because 70 percent of the proposed expenditures were for administering the project. Also, the roles of the recipient and its three subcontractors were not adequately defined and the justification for the effort was not adequately documented. We returned the proposal for reevaluation.

The proposal for another agreement was returned because interviews with the proposed recipients and local HUD officials revealed that they did not believe they needed the services that were to be provided.

Our evaluation of the financial condition of another proposed recipient disclosed that the organization had substantial operating losses and was unable to pay its debts timely, thereby threatening its continuity. Our report stated that HUD should require the organization to fully demonstrate its ability to continue before making any award of funds. (Audit Nos. 85-AO-261-1813; Memorandum to the Director, Office of Program Policy Development, May 20, 1985; 85-SF-261-1019; and 85-AO-261-1018.)

- A pricing proposal evaluation of a $6 million proposed contract disclosed that it could be reduced by up to $900,000 due mostly to misclassified costs and unreasonable cost projections. (Audit Report No. 85-AO-261-1012.)

Accounting

Through audits of financial statements of revolving funds and controls over securities in the possession of HUD, we reported significant internal control deficiencies.

- Audits of three revolving funds by Certified Public Accounting (CPA) firms hired by the Office of Inspector General revealed significant accounting problems. In the Section 312 Rehabilitation Loan Fund, the values of foreclosed properties were supposed to be recorded as an asset. Internal controls were lacking so that the balance of $2,371,762 could not be verified and was questionable. In the Non-Profit Sponsor Assistance Fund, $467,929 or 39 percent of the loans receivable should have been repaid according to the terms of the loan. The CPAs confirmed that $217,546 had been repaid but not reflected on the books, and the status of the remaining amount could not be readily determined. In the Rental Housing Assistance Fund, the accounting system did not have the capability to assure proper recognition and recording of accounts receivable. Consequently,the amounts due to HUD were not known. Recommendations were made to correct these accounting deficiencies. (Audit Report Nos. 85-AO-161-0203; 85-AO-161-0204; and 85-AO-161/111-0205.)

- An audit of the internal controls over non-marketable and marketable securities held by HUD disclosed that many of the required controls were not being followed and some procedures were outdated. The audit found that while some reserve for replacement funds were invested, an additional $1 million a year could have been realized through the investment of all available reserve funds. In a draft report, we recommended adherence to internal control procedures, a reevaluation of outdated procedures and notification to owners of projects of their need to invest all of their reserve for replacement funds.

Chapter 2

President's Council on Integrity and Efficiency and Departmental Projects

This chapter highlights activities we have undertaken to reduce and prevent fraud. The Secretary and the Principal Staff continue to maintain a high interest in obtaining the involvement of all Departmental managers and employees in minimizing fraud and abuse.

Committee on Fraud, Waste, and Mismanagement

The Committee on Fraud, Waste, and Mismanagement (CFWM) was established in 1978 to coordinate the Department's efforts to minimize fraud, waste, and mismanagement in HUD programs. The Committee, consisting of officials designated by Principal Staff, advises the Secretary on policy matters relating to improving the quality and effectiveness of all HUD programs and activities. The CFWM is one element of HUD's overall Prevention Plan.

The Department recently reevaluated its prevention program using criteria described in the Office of Management and Budget's Model Prevention Plan (MPP). The CFWM found that HUD satisfied most of the criteria in the MPP, but that some improvement could be made in the areas of employee Standards of Conduct and awareness for external parties. For that reason, the CFWM initiated the following projects:

1. Employee Standards of Conduct Assessment

The Committee's review of the Department's Standards of Conduct Program revealed deficiencies in the way in which Standards of Conduct are communicated to HUD employees, as well as inconsistencies in Office of General Counsel interpretations of the Standards. The Committee's report, which was approved by the Secretary on August 15, 1985, contained recommendations to: clarify and update Standards of Conduct; develop a plan for the periodic briefing of all personnel; incorporate Standards of Conduct materials into supervisory training and post-employment counseling; develop and disseminate new educational materials on recurring problems; and develop and implement new procedures for approving outside employment.

2. Awareness for Program Participants

The objective of this project was to develop a plan for implementing a comprehensive program to educate HUD's program participants on how fraud and abuse occurs in HUD programs, and on ways to detect and prevent it. Committee members met with representatives of seven trade and professional organizations representing many of HUD's program participants. As a result of these discussions, the Committee proposed a plan in its final report to provide these organizations with journal or newsletter articles, pamphlets, training materials, and speakers for their meetings.

The OIG is carrying out the plan developed by the CFWM. Recently we conducted fraud awareness training for members of the Council of State Community Affairs Agencies, the National Association of Housing and Redevelopment Officials, and the National Leased Housing Association.

3. Do's and Don'ts for Program Participants

Previous audits, studies, and CFWM projects suggest that program participants may not clearly understand or be aware of contractual requirements or standards that apply to their dealings with the Department. Misunderstandings or ignorance of the applicable rules are often cited by participants as the reasons for instances of noncompliance found through monitoring, audits, or investigations. For that reason, the Committee is preparing a series of flyers describing, in plain English, specific do's and don'ts for the following program participants: CDBG Entitlement and UDAG recipients; Public Housing Executive Directors; HUD contractors; and multifamily project owners and management agents.

President's Council on Integrity and Efficiency

By Executive Order in March 1981, the President established the President's Council on Integrity and Efficiency (PCIE) as an integral part of a broad plan to attack fraud, waste, and inefficiency in Federal programs. The PCIE is chaired by the Deputy Director of the Office of Management and Budget and consists of the Deputy Attorney General, the Director of the Office of Personnel Management, the FBI Executive Assistant Director of Investigations, all statutory Inspectors General, and other key officials.

Our office led a Prevention Committee work group to determine what progress had been made by departments and agencies in using the Model Prevention Plan (MPP) to assess their existing prevention practices and adopt a comprehensive, coordinated, and planned strategy for preventing fraud, waste, and mismanagement.

The Prevention Committee's report recommended that over the long term, elements of the MPP be incorporated into OMB Circular A-123, 'Internal Control Systems,' and in the meantime, OMB provide clarifying advice and guidance to agencies on how the MPP should be applied. The report also contained an appendix of agency best practices in addressing the various elements of the MPP.

Chapter 3

Review of Legislation and Regulations

We reviewed legislative proposals and regulations relating to economy and efficiency of programs and operations and the prevention and detection of fraud and abuse. Some of the more significant legislative proposals and regulations (in addition to those discussed in Chapters 1 and 6) are described as follows:

Legislation

H.R. 3077 is a bill to amend the Inspector General Act of 1978 to establish Offices of Inspector General in the Departments of Justice and Treasury and in the Federal Emergency Management Agency. We generally supported the proposed bill. However, the provisions regarding intensified administrative and reporting requirements on statutory Inspectors General are, in our opinion, staff-intensive and would require substantial changes to the HUD Office of Inspector General's resources to track, accumulate, and provide this information.

Senate Bill 428, an amendment to the United States Housing Act of 1937, provides additional homeownership and resident management opportunities for families residing in public housing projects. We opposed this bill because we believe some tenants who are residing in the units may intentionally understate their income to become eligible to purchase the units. The possibility of purchasing a unit may, therefore, become an incentive to falsify income level, unless a section for penalities is included in the bill. Another major drawback to this bill is that public housing authorities have no meaningful part in the decisions to sell the dwelling units.

Regulations

Proposed Final Rule 24 CFR Parts 207 and 255 revises the maximum insurable amount for refinancing existing multifamily housing projects. We opposed this Rule because both Parts 207 and 255 limit the maximum insurable mortgage to 85 percent of the estimated value of a project, except when the property was purchased within 48 months of the refinancing transaction. In those cases, the mortgage is limited to a percentage of the cost of acquisition. However, we believe the percentages allowed may permit a mortgage higher than the 85 percent of value limitation. This could increase HUD's risk and lower the mortgagee and owner's risk, since it may result in little or no equity investment for the owner and minimal loss to the mortgagee in the event of a default. We recommended that the maximum insurable mortgage amount be limited to 85 percent of the estimated value, regardless of the acquistion cost.

Administrative Actions Against HUD Employees

The Senate Committee on Appropriations has indicated in the past that if fraud within government is to be contained and curtailed, then appropriate administrative action must be taken in cases where employees have been found to have acted improperly.

Examples of administrative actions taken against HUD employees during the semiannual reporting period, in connection with investigations, are shown below.

An OIG Investigator resigned during an investigation which revealed he inflated his change-of-duty station expenses for his family. An Assistant U.S. Attorney declined criminal prosecution, but HUD Claims Collection officials are pursuing an $18,327 claim against the investigator for the cost of his move.

A Multifamily Housing Representative resigned after being convicted of receiving $12,810 in fraudulent Section 8 Housing Assistance Payments. The court ordered the overpaid assistance to be repaid.

A HUD Engineer was dismissed after submitting false travel vouchers for relocation from one HUD office to another. The Department recovered approximately $4,100. The Merit Systems Protection Board denied the employee's appeal of dismissal.

A Realty Specialist received a letter of caution after requesting that an Area Management Broker he monitored secure a HUD contractor to repair his personal residence. The Realty Specialist made a partial payment to the contractor shortly after the repair work was completed but did not make a final payment until 5 months later while the matter was being investigated.

A Clerk-Typist received a written reprimand for falsifying a Personal Qualifications Statement. The employee failed to list several arrests and convictions over an 18-year period.

A Management Analyst received a written reprimand and a Director of an Administrative Services Division received a memorandum of caution for failing to follow acceptable HUD contracting procedures. The Analyst failed to document reasons for the rejection of the low bidder, and the Director failed to keep adequate control records.

An OIG Auditor was given a written reprimand for violating HUD's Standards of Conduct on outside employment and for not adhering to time and attendance procedures.

A Director of an Administrative Services Division received a 3-day suspension for allowing senior HUD Regional officials to improperly park their personal cars in a space reserved for government-owned vehicles. The Director required a civilian building garage attendant to move the government car to a metered parking space on the street so that the senior officials could park their private vehicles in the government-paid parking space.

Chapter 5

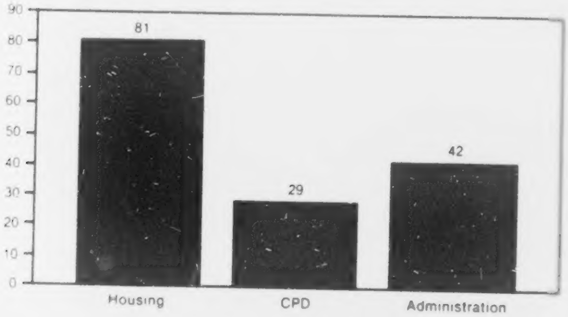
Statistical Summary	Department of Housing and Urban Development Office of Inspector General	Apr. 1, 1985 through Sept. 30, 1985	Total FY 1985
Audit Activities	■ Cash Recoveries/Savings (OIG and Non-Federal Audits)	$54,916,425	$82,138,202
	■ Questioned and Disallowed Costs Sustained (OIG and Non-Federal Audits)	$60,369,872	$104,940,353
	■ Cost Efficiencies	$27,630,329	$50,406,538
	■ Internal Audit Reports Issued (OIG)	46	91
	■ External Audit Reports Issued (OIG)	106	236
	■ Non-Federal and Other Agency Reports Accepted	2,000	3,662
	■ Mortgagees/Lenders Sanctioned as a Result of Referrals to HUD Mortgagee Review Board	0	6
	■ Subpoenas Served	11	12
Investigation Activities	■ Cash Recoveries	$2,771,662	$3,739,625
	■ Total Fines Levied	$195,738	$539,792
	■ Commitments to Recover Funds	$453,106	$453,106
	■ Cost Efficiencies	$2,847,610	$2,847,610
	■ Investigation Cases Opened	734	1,449
	■ Persons/Firms Indicted	220	446
	■ Persons/Firms Convicted	189	310
	■ Total Years of Prison Sentences	161	251
	■ Total Years of Suspended Sentences	74	155
	■ Total years of Probated Sentences	486	819
	■ Debarments of Persons/Firms Doing Business with HUD (years)	64(214)	148(477)
	■ Suspensions of Persons/Firms Doing Business with HUD (years)	32(31)	71(70)
	■ Personnel Actions Initiated Against HUD Employees	40	71
	■ HUD Employees Indicted	6	8
	■ HUD Employees Convicted	0	1
	■ Subpoenas Served	7	10
Fraud Control Activities	■ Special Fraud Control Projects Undertaken in Cooperation with HUD's Committee on Fraud, Waste and Mismanagement	1	6
	■ Awareness Publications Issued	4	5
	■ Hotline Complaints Received	152	338
	■ Hotline Complaints Processed and Closed	192	363
	■ Hotline Complaints Pending (9/30/85)	152	—
	■ Proposed Legislation and Regulations Reviewed	162	255
	■ Proposed HUD Handbooks/Issuances Reviewed	83	155

Hotline Activities

The following chart depicts the volume and program areas affected for the 152 hotline complaints received during the last 6 months.

Distribution of Hotline Complaints

April 1, 1985 through September 30, 1985



Hotline complaints during the period resulted in criminal penalties and administrative actions totalling more than 18 years, including jail sentences, debarment from participating in HUD programs and employee suspensions.

Audit Findings

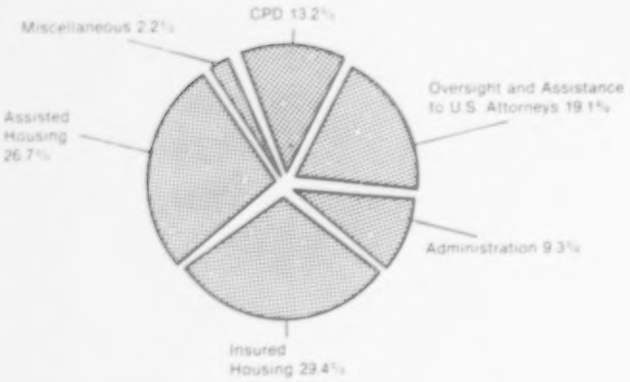
Following are statistics on the inventory of open audit findings and the activity during the reporting period:

- Audit findings Unresolved at 4/1/85 = 1,154.
- Audit findings issued during the period = 2,734.
- Audit findings resolved during the period = 2,509.
- Audit findings unresolved at 9/30/85 = 1,379.
- Audit findings unresolved over 6 months old = 88 ($39.8 million).

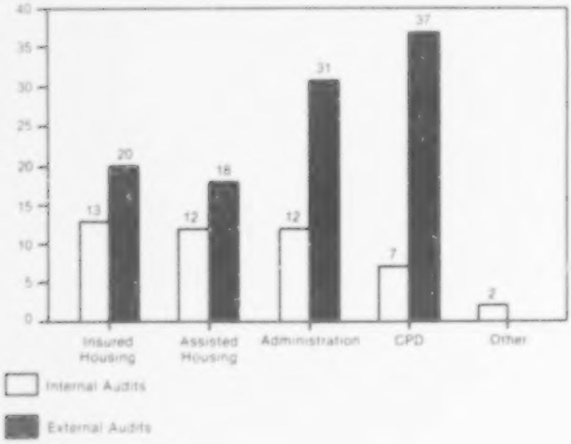
Audit Resources and Results

The following charts show distribution of audit staff time and reports issued by program area and type of audit.

Distribution of Audit Staff Time by Program Area and Type of Audit
April 1, 1985 through September 30, 1985



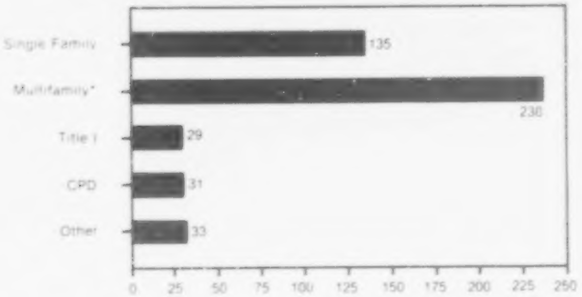
Distribution of Audit Reports Issued by Program Area and Type of Audit
April 1, 1985 through September 30, 1985



Investigation Cases Opened

The following tables show a breakdown of the 734 investigation cases opened during the last 6 months. Of these cases, 466 involved false statement violations as shown below.

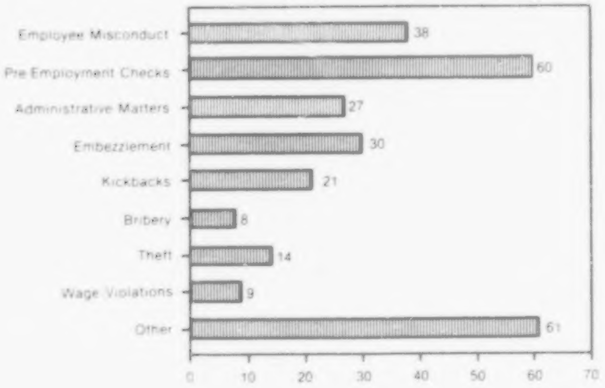
Concerning False Statements Investigation Cases Opened
April 1, 1985 through September 30, 1985



*The cases opened in the multifamily area include investigations of individual tenants in HUD's rental assistance programs.

The following table depicts the types of alleged violations involved in the remaining 268 cases that were opened.

Other Categories of Investigations
April 1, 1985 through September 30, 1985



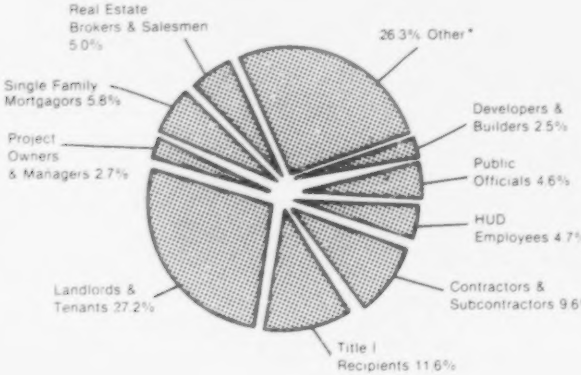
Pending Cases

At September 30, 1985, we had 1,706 investigation cases either in process or awaiting investigation. Of these cases, 638 were FBI/other cases, 736 were cases of the OIG, and 332 were OIG completed cases pending with the U.S. Attorney.

Closed Cases

The OIG closed 634 investigation cases during the reporting period. The 634 cases closed involved 956 individuals and firms who were the subjects of the investigations. The following graph represents a breakdown of the subjects:

Distribution of Subjects of Investigation by Category
April 1, 1985 through September 30, 1985



*The "Other" group includes a wide diversity of subjects such as architects, Area Management Brokers, and Title I dealers/lenders. Each of these comprises less than 2 percent of the total.

Investigation Cases Referred for Prosecution

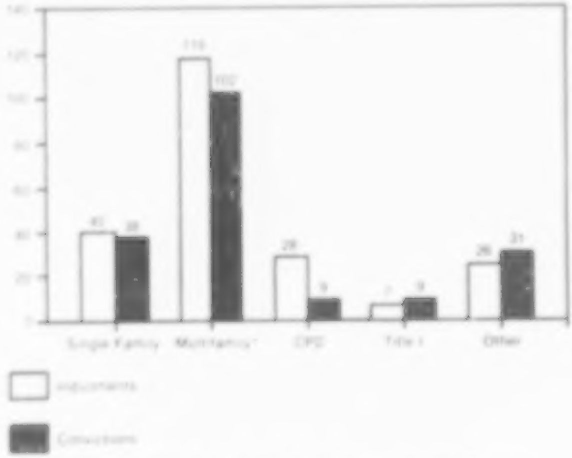
The OIG referred 193 investigation cases for prosecutive consideration as follows:

Referred by OIG to:	No. of Cases
FBI (Prima Facie OIG Investigation)	10
FBI (No OIG Investigation)	31
Department of Justice	152
Total	193

Prosecutions and Convictions

The following table illustrates in what HUD program areas indictments and convictions occurred during the last 6 months.

Indictments and Convictions
April 1, [illegible] through September 30, [illegible]



*Prosecutions shown for the multifamily area include indictments and convictions of individual tenants who participate in HUD's rental assistance programs.

Unreasonable Refusal or Non-Provision of Requested Information

No instances of unreasonable refusal or non-provision of requested information were reported to the HUD Secretary during the reporting period.

Chapter 6

Audit Resolution

The Inspector General Act requires the reporting of all significant recommendations described in previous Semiannual Reports to Congress which remain unresolved and for which corrective action has not been completed.

The Supplemental Appropriations and Rescission Act of 1980 and the Appropriations Act of 1981 require that any audits involving questioned costs be resolved within 6 months.

Follow-Up on Audit Findings

During the reporting period, we evaluated the effectiveness of management action to implement audit recommendations for which corrective action had been promised. We selected audit finding in each of the 10 regions and Headquarters which had been resolved based on management's promise to take timely corrective action. In most cases, adequate action had been taken. However, the following synopses highlight instances where timely or effective actions were not taken.

Audit Report Title and Number	Synopsis
Philadelphia Housing Authority Philadelphia, Pennsylvania Audit Period: 10/1/74-3/31/79 80-PH-201-2026 Issued 12/28/79 Responsible Officials Warren T. Lindquist Assistant Secretary for Public and Indian Housing; Kenneth J. Finlayson, Regional Administrator	Claims of $26,960,548 were agreed to by management in September 1981. In December 1981, $287,977 were recovered. In May 1982, an additional $81,500 were sustained. The Authority paid $71,135 due HUD on March 6, 1985. On April 26, 1985, the Regional Administrator asked Headquarters for assistance and guidance in resolving the outstanding claims contained in the Philadelphia Housing Authority Audit Report Nos. 80-PH-201-2026, 82-PH-202-2270, and 84-PH-201-2303. Various telephone conversations have been held between Regional Management and Headquarters Office of Public and Indian Housing to develop strategies to resolve the PHA's problems and claims. To date, no course of action has been decided on or taken. These claims were also identified in the last two reports as having inadequate follow-up action.
Review of Management Agent's Use of Identity-of-Interest Companies Audit Period: 1/1/83-2/29/84 84-CH-111-0009 Issued 9/19/84 Responsible RA Judith Y. Brachman	Two Field Offices in the Chicago Region were not reviewing and evaluating the management agent's transactions with identity-of-interest firms, nor were their staffs aware of the agent's extensive use of these firms. The findings were resolved on a promised action on January 16, 1985. The Regional Administrator agreed with the recommended courses of action and set June 30, 1985, as the target date for all action to be completed. On August 23, 1985, the Regional Administrator considered all promised actions to be completed based on the Field Offices' responses to the findings. The information in support of the August action did not address the actions promised nor did it resolve the outstanding issues. The Regional Administrator has resumed action to complete the recommended and promised corrective actions.

Audit Report Title and Number	Synopsis
Tax Exempt Financing for Section 8 Projects Audit Period: 1/1/80-12/31/81 83-TS-101-0011 Issued 6/22/83 Responsible Official: Janet Hale, Acting General Dep. Asst. Secretary for Housing-Federal Housing Commissioner	Interest income of about $3.9 million from investment in tax exempt notes and bonds went to underwriters, trustees and/or developers rather than benefitting Federally funded Section 8 projects. That interest should have been used to reduce bond financing and rents, or retained in project reserves and ultimately returned to HUD. On October 18, 1983, HUD management promised to implement the recommended actions. Those actions included provisions for revising regulations and/or handbooks, obtaining certified statements from financial agencies as to the amount of investment income, coordinating with the Office of General Counsel to obtain reimbursement of shunted income and amendments to Housing Assistance Payment Contracts. All action was to be completed by November 18, 1983. HUD management advised that limited resources and high priority work precluded their efforts to complete the promised action. Further, they have instructed their part-time consultant to strengthen the existing procedures to prevent the problem from recurring and are working to resolve the other recommended courses of action.
Internal Audit on Protection & Preservation of Income on Multifamily Projects in Foreclosure Audit Period: 1/1/81-9/30/82 84-TS-113-0002 Issued 11/25/83 Responsible Official: Janet Hale, Acting General Dep. Asst. Secretary for Housing-Federal Housing Commissioner	HUD was not protecting its financial interest for projects that were recommended for foreclosure, thereby exposing HUD to a half million dollars or more of potential losses. On February 23, 1984, HUD management promised to revise its handbooks to provide guidance to Field Office staff on monitoring projects recommended for foreclosure, and on follow-up actions to be taken when monitoring discloses conditions which would adversely affect HUD's interest in the projects. The promised actions were to be completed by September 30, 1984. However, HUD management now estimates that the promised actions will not be completed until September 30, 1986. They explained that the problems noted in the report were expected to be addressed by the issuance on March 26, 1984, of regulations implementing the Multifamily Foreclosure Act, and the problems, while serious, were not the highest priority. We agree that the faster foreclosure process established through implementation of the Act should address some of the problems noted in the report. However, there is still a need for comprehensive guidance to Field Office staff on the extent and type of monitoring and follow-up action necessary to protect HUD's interests prior to foreclosure. In our opinion, the reasons cited for the extended delays in completing the promised actions are not adequate.

Previously Reported Items—Corrective Action Not Completed

The Inspector General Act of 1978 requires the Inspector General to identify each significant recommendation described in previous Semiannual Reports on which corrective action has not been taken. The following audit reports were identified in previous Semiannual Reports as having recommendations on which corrective action has not been completed. Target dates for completed action are also shown.

Report Number	Title	Report Issue Date	Target Date
80-SF-244-1018	City of Santa Paula, CA - CDBG	7/10/80	12/31/85 5/
82-TS-111-0001	Section 236 Rental Income	11/6/81	1/31/86 5/
82-CH-212-1062	Yellowbird Limited, Xenia, Ohio	5/19/82	3/
82-PH-202-2270	The Philadelphia Housing Authority Philadelphia, Pennsylvania	5/28/82	1/ 2/
82-TS-111-0008	Management Input Into Processing Multifamily Housing Projects	7/12/82	12/31/86 5/
82-TS-182-0009	Title I - Mobile Home Loans-Special Operational Survey	7/13/82	5/
82-PH-161-0009	Regional Accounting Division Operations	8/11/82	10/
83-FW-203-1006	Housing Authority of Houston, Texas	12/3/82	4/
83-CH-241-1008	Athens County, Ohio	12/23/82	7/
83-CH-212-1028	Mid-Towne Apts., Cincinnati, Ohio	2/23/83	3/
83-AT-221-1017	Henderson Heights, Ltd.	4/7/83	2/1/86 5/
83-TS-161-0005	Regional Accounting Div. Operations	4/28/83	1/
83-BO-202-1013	Providence, RI Housing Authority	5/6/83	6/
83-TS-145-0007	Lump Sum Drawdowns for CDBG Rehabilitation Financing	5/11/83	4/
83-KC-241-1014	Review of CDBG Program - Kansas City, Missouri	5/13/83	3/
83-AT-201-1039	Memphis Housing Authority Low-Income Housing Programs	8/19/83	12/31/85 2/ 5/
83-CH-201-1051	Low-Income Housing Program Detroit Housing Department	8/26/83	10/

Report Number	Title	Report Issue Date	Target Date
83-TS-111-0016	Flexible Subsidy Funds for Multifamily Projects	9/7/83	12/31/85 5/
84-BO-257-1001	New Haven Redevelopment Agency City of New Haven, Connecticut	10/11/83	2/
84-AT-203-1003	Housing Authority of the Birmingham District, Birmingham, AL, Section 8 Moderate Rehabilitation Program	10/21/83	1/31/86 2/
84-BO-212-1005	Third Stone Ridge Cooperative Corp.	12/21/83	2/
84-TS-101-0004	Income Projections Used by Public Housing Authorities Under the Performance Funding System	1/20/84	3/
84-TS-122-0005	Title I Property Improvement Loan Insurance Program	1/25/84	5/
84-NY-241-1013	Community Development Block Grant Program, Municipality of Ponce, PR	2/13/84	9/10/86 2/
84-AT-242-1012	City of Charlotte, NC Urban Development Action Grant Program	2/14/84	5/
84-B0-212-1009	Barbour-Waverly Cooperative Apts., Inc.	2/28/84	4/
84-AO-108-0003	Review of HUD's Consolidated Supply Program	3/14/84	12/31/85 5/
84-CH-132-0006	Compliance with Uniform Relocation Act, Region V	3/29/84	10/31/85 2/
84-CH-241-1011	Community Development Block Grant and Urban Development Action Grant Programs, City of Detroit, Michigan	3/30/84	2/28/86
84-SE-241-1004	Community Development Block Grant Program, City of Portland, Oregon	3/30/84	12/20/85 5/
84-SE-203-1003	Housing Authority of the City of Bellingham, Washington, Section 8 Moderate Rehabilitation Program	3/30/84	12/31/85
84-AT-203-1021	Winston-Salem, NC PHA	4/18/84	11/1/85 5/
84-AT-201-1019	Memphis, TN PHA - Investment Practices	4/18/84	10/31/85 5/
84-TS-112-0006	Promissory Notes and Working Capital Deposits	5/8/84	12/31/85 5/
84-TS-108-0007	Section 23 Leased Housing	5/15/84	4/
84-PH-202-1018	Baltimore, MD - Section 8	6/7/84	2/
84-AO-171-0007	Monitoring of Cost Controls - GNMA	6/14/84	8/31/87

Report Number	Title	Report Issue Date	Target Date
84-PH-202-1012	Philadelphia, PA - Section 8	6/14/84	4/
84-NY-241-1038	Toa Baja, PR - CDBG	6/15/84	2/
84-SF-201-1019	San Francisco PHA	6/20/84	12/31/85
84-AT-203-1028	Greenville, SC - Section 8	6/29/84	12/31/85 5/
84-TS-113-0009	Monitoring of Multifamily Management Agents	7/3/84	7/1/86
84-AT-203-1033	Dade County, FL - Section 8	8/1/84	3/31/86
84-PH-201-2303	Philadelphia, PA - PHA	8/10/84	4/
84-PH-201-1020	Washington, DC - PHA	8/17/84	4/
84-PH-242-1021	Pittsburgh, PA - CPD	8/30/84	2/ 3/
84-TS-112-0014	Identifying Physically Troubled Projects	9/5/84	12/31/85
84-TS-144-0015	Use of Escrow Accounts - CDBG	9/7/84	12/31/85
84-BO-151-0004	Monitoring of 312 Early Closeout	9/21/84	10/1/86
85-NY-214-1002	Metro Interfaith Management Corp	10/23/84	2/
85-NY-241-1004	Municipality of San Juan, PR - CDBG	10/26/84	2/
85-SF-203-1003	Contra Costa, CA Housing Authority	11/8/84	11/30/85
85-AT-241-1007	Community Development Block Grant Program, Palm Beach Co., Division of Housing and Community Development, West Palm Beach, Florida	11/29/84	12/1/85
85-TS-123-0002	Single Family Bulk Sales	11/30/84	4/
85-PH-103-0001	Region III's Monitoring of the Section 8 Moderate Rehabilitation Program	12/18/84	12/31/85
85-SE-111-0002	Property Taxes on Multifamily Projects	12/24/84	12/30/85
85-NY-203-1044	New Jersey Department of Community Affairs, Section 8 Moderate Rehabilitation Program, Trenton, NJ	1/17/85	2/
85-CH-212-1006	Multifamily Mortgage Insurance Yellowbird Limited, Xenia, Ohio	1/18/85	3/
85-PH-241/249-1004	City of Charleston, West Virginia CDBG	1/25/85	12/30/85 2/

Report Number	Title	Report Issue Date	Target Date
85-SF-211-1007	Mariner's Cove, San Diego, CA	1/31/85	11/29/85
85-KC-142-0002	State Administration of CDBG Small Cities Program	2/1/85	4/
85-TS-101-0005	Procurement of Insurance and Bonding Coverage by Public Housing Agencies	2/7/85	12/31/85
85-PH-203-1005	Philadelphia Housing Authority, Section 8 Existing Housing Program	2/8/85	5/30/86
85-BO-201-1004	Boston Housing Authority, Section 8 Moderate Rehabilitation Program	2/15/85	1/31/86
85-CH-212-1008	Multifamily Mortgage Insurance Program, Section 220 and 236, Cedar Square West Apts., Minneapolis, MN	2/28/85	7/1/87 5/
85-BO-241-1005	City of Providence, RI CDBG Program	3/4/85	2/
85-SF-203-1008	Community Development Commission, County of Los Angeles, CA, Section 8 Moderate Rehabilitation Program	3/11/85	4/
85-BO-249-1008	City of Bridgeport, CT - CDBG	3/25/85	10/
85-CH-121-0006	Single Family Insurance Program, Milwaukee, Wisconsin	3/27/85	10/31/85
85-TS-121-0009	Shared Equity	3/29/85	4/

Footnotes:

1/ Numerous findings were repeated in an audit report issued during a subsequent reporting period.

2/ Recovery of sustained monetary amounts is in process.

3/ Final corrective actions are pending litigation or investigation.

4/ Currently under review by Headquarters officials as prescribed by HUD Audits Management System.

5/ Target date extended from previously reported date due to changes in scope or dates for implementing automated system or delays in obtaining clearance of revised regulations/guidance.

6/ PHA went bankrupt.

7/ Systems promised to implement the recommended corrective actions were delayed and are a subject of current review.

8/ Program officials have not responded.

9/ Promised implementation dates not met.

10/ Implementation has not been verified.

Proposed Legislation

We reviewed and commented on the following bill relating to follow-up on audit findings.

- *H.R. 3077* proposes amendments to the Inspector General Act of 1978 and provides for intensified administrative and reporting requirements on the resolution and implementation of audit recommendations. In order to implement Section 4 of the bill, each Office of Inspector General (OIG) would have to expend a significant amount of resources to monitor each audit report through final resolution/implementation. We presently monitor only the more significant findings in each audit report. Although the intent of the proposed bill is well-meaning and may lead to tougher stances by each OIG on the resolution and implementation of audit recommendations, the cost associated, in our opinion, does not justify implementation.

Appendix 1

Audit Reports Issued

The Inspector General Act requires the identification of each audit report completed by the Office of Inspector General during the reporting period. The following is a list of these reports.

INTERNAL AUDIT AND SURVEY REPORTS

REPORT NUMBER	REPORT TITLE	ISSUE DATE
HOUSING		
85-AT-112-0002	GREENSBORO OFFICE'S RENT DETERMINATIONS FOR CHERRY HOTEL PROJECT; SECTION 8 MODERATE REHABILITATION	05/07/1985
85-AT-101-0003	TURNKEY III HOMEOWNERSHIP OPPORTUNITIES PROGRAM	05/16/1985
85-AT-101-0006	COMPUTATION OF TARGET INVESTMENT INCOME & ALLOWABLE UTILITY EXPENSE UNDER THE PERFORMANCE FUNDING SYSTEM	09/11/1985
85-AT-112-0007	RENT-UP PROBLEMS IN INSURED AND SUBSIDIZED PROJECTS ATLANTA, BIRMINGHAM, AND LOUISVILLE OFFICES	09/23/1985
85-AT-111-0008	PROPERTY TAXES ON MULTIFAMILY PROJECTS - REGION IV	09/25/1985
85-BO-111-0007	PROPERTY TAXES ON MULTIFAMILY PROJECTS - REGION I	07/26/1985
85-CH-111-0009	PROPERTY TAXES ON MULTIFAMILY PROJECTS - REGION V	09/25/1985
85-CH-101-0010	DEVELOPMENT OF INDIAN HOUSING - REGION V	09/26/1985
85-CH-101-0802	EAST ST. LOUIS HOUSING AUTHORITY	07/08/1985
85-CH-112-0803	COMPLAINTS CONCERNING MULTIFAMILY HOUSING PROJECTS	08/02/1985
85-DE-107-0801	PROCUREMENT DISCREPANCIES INVOLVING INDIAN HOUSING AUTHORITIES AND POTENTIAL MISUSE OF SUBSIDIES	09/24/1985
85-FW-101-0004	DEVELOPMENT OF INDIAN HOUSING - REGION VI	07/11/1985
85-NY-101-0001	TURNKEY III HOMEOWNERSHIP OPPORTUNITIES PROGRAM NEWARK OFFICE	04/26/1985
85-NY-101-0002	TURNKEY III HOMEOWNERSHIP OPPORTUNITIES PROGRAM CARIBBEAN OFFICE	05/21/1985
85-NY-123-0003	SINGLE FAMILY COINSURANCE PROGRAM	08/29/1985
85-NY-109-0801	ATLANTIC CITY HOUSING AUTHORITY & URBAN REDEVELOPMENT AGENCY - LOW INCOME HOUSING PROGRAM	05/13/1985
85-PH-101-0003	CALCULATION OF TARGET INVESTMENT INCOME & ALLOWABLE UTILITY EXPENSE UNDER PERFORMANCE FUNDING SYSTEM	09/30/1985

REPORT NUMBER	REPORT TITLE	ISSUE DATE
85-SE-101-0003	DEVELOPMENT OF INDIAN HOUSING - REGION X	07/12/1985
85-SE-111-0004	JOINT PROJECT ON PROACTIVE FRAUD & DETECTION REVIEW	09/26/1985
85-SF-111-0801	MONITORING OF MULTIFAMILY PROJECT - EL BETHEL ARMS	06/13/1985
85-TS-101-0014	EFFECTIVENESS OF HUD'S PROGRAM TERMINATING PUBLIC HOUSING PROJECTS IN PRECONSTRUCTION PIPELINE	05/30/1985
85-TS-129-0015	FORECLOSURE OF SECRETARY-HELD MORTGAGES	06/05/1985
85-TS-101-0016	RATING, RANKING AND SELECTION OF PROJECTS FOR FUNDING UNDER THE SECTION 202 DIRECT LOAN PROGRAM	06/19/1985
85-TS-129-0018	SURVEY OF SINGLE FAMILY SUBDIVISION PROCESSING	08/23/1985
85-TS-111-0813	SURVEY OF ENERGY CONSERVATION IN SUBSIDIZED PROJECTS	05/02/1985
COMMUNITY PLANNING AND DEVELOPMENT		
85-AT-142-0004	STATE ADMINISTRATION OF CDBG SMALL CITIES PROGRAM ALABAMA AND SOUTH CAROLINA	06/25/1985
85-AT-143-0005	MACON, GA URBAN DEVELOPMENT ACTION GRANT PROGRAM	06/26/1985
85-BO-142-0005	STATE ADMINISTRATION OF CDBG SMALL CITIES PROGRAM CONNECTICUT AND MASSACHUSETTS	05/28/1985
85-CH-141-0007	EFFECTIVENESS OF GRANTEE MONITORING OF CDBG SUBGRANTEES AND SUBRECIPIENTS	08/07/1985
85-FW-145-0005	EFFECTIVENESS OF CPD PROGRAM PERFORMANCE ACCOUNTABILITY MONITORING OF GRANTEES	09/20/1985
85-PH-142-0002	STATE ADMINISTRATION OF CDBG SMALL CITIES PROGRAM PENNSYLVANIA AND VIRGINIA	06/20/1985
85-TS-142-0017	STATE ADMINISTRATION OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (NATIONWIDE)	08/20/1985
ADMINISTRATION		
85-AA-166-0004	GENERAL CONTROLS OVER COMPUTER OPERATIONS	07/25/1985
85-AO-163-0006	REVIEW OF CONTROLS OVER YEAR-END SPENDING - FY 1984	06/20/1985
85-AO-161-0201	COMMUNITY DISPOSAL OPERATIONS FUND 86X4040	04/04/1985
85-AO-161-0202	AUDIT OF URBAN RENEWAL FUND 86X4034	09/18/1985
85-AO-151-0203	AUDIT OF SECTION 312 REHABILITATION LOAN PROGRAM	09/23/1985
85-AO-161-0204	AUDIT OF NONPROFIT SPONSOR ASSISTANCE FUND 86X4042	09/25/1985
85-AO-161-0205	RENTAL HOUSING ASSITANCE FUND 86X4041	09/30/1985

REPORT NUMBER	REPORT TITLE	ISSUE DATE
85-BO-161-0006	CONTROL OVER AND ACCOUNTABILITY FOR SECURITIES	06/17/1985
85-CH-161-0801	COMPLAINT RE REGIONAL ACCOUNTING DIVISION	05/24/1985
85-DE-161-0002	CONTROL OVER AND ACCOUNTABILITY FOR SECRUITIES	07/19/1985
85-KC-161-0003	HANDLING AND PROTECTING SECURITIES	08/29/1985
85-TS-165-0012	MANAGEMENT & USE OF MOTOR VEHICLES ASSIGNED TO HUD	04/19/1985
OTHER		
85-AO-174-0005	SURVEY OF FAIR HOUSING ASSISTANCE PROGRAM	04/01/1985
85-CH-179-0008	MONITORING AND ENFORCEMENT OF LABOR STANDARDS	09/18/1985

EXTERNAL AUDIT AND ACCOUNTING SYSTEM EVALUATION REPORTS

REPORT NO.	TITLE	LOCATION	ISSUE DATE
HOUSING			
85-AT-201-1014	ATLANTA HOUSING AUTHORITY	ATLANTA GA	04/29/1985
85-AT-203-1016	STATE OF FLORIDA SECTION 8 MODERATE REHABILITATION PROGRAM	TALLAHASSEE FL	05/20/1985
85-AT-202-1017	CHARLOTTE PUBLIC HOUSING AGENCY	CHARLOTTE NC	05/28/1985
85-AT-203-1018	ELIZABETHTON HOUSING DEVELOPMENT SECTION 8 PROGRAM	ELIZABETHTON TN	06/05/1985
85-BO-215-1009	METHUNION MANOR: ABRAMS MGMT. CO.	BOSTON MA	04/17/1985
85-BO-212-1010	ACTIONS TO RESOLVE AUDIT FINDINGS ROXSE HOMES, INC.	BOSTON MA	04/19/1985
85-BO-203-1012	SECTION 8 EXISTING HOUSING PROGRAM STATE OF CONNECTICUT	HARTFORD CT	09/06/1985
85-BO-203-1014	SECTION 8 EXISTING HOUSING PROGRAM FALL RIVER HOUSING AUTHORITY	FALL RIVER MA	09/24/1985
85-CH-202-1011	PUBLIC HOUSING AGENCY ACTIVITIES HO-CHUNK HOUSING AUTHORITY	BLACK RIVER FALLS WI	06/26/1985
85-CH-201-1012	LUCAS METRO. HOUSING AUTHORITY	TOLEDO OH	07/03/1985
85-CH-214-1017	MULTIFAMILY MORTGAGE INSURANCE PROMEX MIDWEST MANAGEMENT CORP	DES PLAINES IL	09/19/1985
85-CH-203-1802	SECTION 8 EXISTING HOUSING DECATUR HOUSING AUTHORITY	DECATUR IL	05/07/1985

REPORT NO.	TITLE	LOCATION	ISSUE DATE
85-CH-202-1803	KANKAKEE HOUSING AUTHORITY	KANKAKEE IL	05/30/1985
85-CH-201-1804	LUCAS METRO. HOUSING AUTHORITY	TOLEDO OH	07/10/1985
85-CH-203-1805	LIVINGSTON COUNTY HSG. AUTHORITY	PONTIAC IL	08/21/1985
85-CH-202-1806	ECORSE HOUSING COMMISSION	ECORSE MI	08/20/1985
85-DE-202-1003	CROW CREEEK HOUSING AUTHORITY	FORT THOMPSON SD	04/26/1985
85-DE-202-1004	NORTHERN CHEYENNE HSG. AUTHORITY	LAME DEER, MT	06/27/1985
85-FW-201-1011	HSG. AUTHORITY OF SAN ANTONIO COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM	SAN ANTONIO TX	09/12/1985
85-FW-212-1801	APARTMENTS OF HALTOM CITY	HALTOM CITY TX	04/12/1985
85-KC-221-1005	EQUALITY MORTGAGE CORPORATION	ST. LOUIS MO	04/15/1985
85-KC-221-1007	TOWN AND COUNTRY MORTGAGE CO.	ST. LOUIS MO	06/14/1985
85-KC-211-1008	OAK FOREST APARTMENTS	ST. LOUIS MO	08/20/1985
85-NY-209-1051	ATLANTIC CITY HOUSING PROGRAM	ATLANTIC CITY NJ	05/09/1985
85-NY-212-1052	THE ANGELIQUE INC., MADISON TERRACE, INC. & TURIAN HOUSE, INC.	FLUSHING NY	05/31/1985
85-NY-229-1801	SERVICE CONTRACT FOR PROCESSING SALES OF HUD PROPERTIES	HADDONFIELD NJ	06/10/1985
85-PH-209-1011	PROCUREMENT ACTIVITIES PHILADELPHIA HOUSING AUTHORITY	PHILADELPHIA PA	05/22/1985
85-SE-212-1002	RAINBOW VILLAGE APARTMENTS	SPRINGFIELD OR	04/24/1985
85-SE-203-1003	SECTION 8 HSG. ASSISTANCE PAYMENTS OREGON STATE HOUSING DIVISION	SALEM OR	07/31/1985
85-SF-212-1010	CENTRAL TOWERS	SAN FRANCISCO CA	04/30/1985
85-SF-212-1011	EL BETHEL ARMS	SAN FRANCISCO CA	05/03/1985

REPORT NO.	TITLE	LOCATION	ISSUE DATE
85-SF-212-1021	MOREY TERRACE APARTMENTS	SACRAMENTO CA	09/11/1985
85-TS-229-1012	COLUMBUS FIRST MORTGAGE COMPANY	COLUMBUS OH	06/10/1985
85-TS-221-1014	CREATIVE MORTAGE COMPANY, INC.	COLUMBUS OH	07/30/1985
85-TS-229-1015	COMMERCE BANK OF ST. LOUIS	ST. LOUIS MO	09/10/1985
85-TS-221-1016	M&I GROOTEMAAT MORTGAGE CORP	MILWAUKEE WI	09/13/1985
85-TS-221-1017	FLEET MORTGAGE CORPORATION	MILWAUKEE WI	09/20/1985
85-TS-221-1018	UNIVERSAL MORTGAGE CORPORATION	MILWAUKEE WI	09/26/1985
COMMUNITY PLANNING AND DEVELOPMENT			
85-AT-242-1015	URBAN DEVELOPMENT ACTION GRANT	MONROE NC	04/30/1985
85-AT-242-1019	URBAN DEVELOPMENT ACTION GRANT	MACON GA	06/26/1985
85-AT-241-1022	COMM. DEV. BLOCK GRANT ACTIVITIES	MOBILE AL	08/07/1985
85-AT-248-1023	CDBG: UNITED SCHOOLS OF AMERICA	MIAMI FL	08/22/1985
85-AT-248-1025	COMMUNITY DEV. BLOCK GRANT PROGRAM	NAPLES FL	09/24/1985
85-AT-248-1027	COMMUNITY DEV. BLOCK GRANT PROGRAM	DELRAY BEACH FL	09/27/1985
85-BO-244-1011	CITY OF MARLBOROUGH MASSACHUSETTS	MARLBOROUGH MA	05/16/1985
85-BO-241-1013	COMM. DEV. BLOCK GRANT ACTIVITIES	MANCHESTER NH	09/23/1985
85-CH-241-1009	CDBG ACTIVITIES	MUNCIE IN	04/09/1985
85-CH-241-1010	CDBG ACTIVITIES	DAYTON OH	04/12/1985
85-CH-242-1014	URBAN DEV. ACTION GRANT ACTIVITIES	ST. PAUL MN	08/16/1985
85-CH-241-1016	COMM DEV BLOCK GRANT ACTIVITIES AKRON MINORITY CONTRACT ASSN.	AKRON OH	08/16/1985

REPORT NO.	TITLE	LOCATION	ISSUE DATE
85-CH-241-1807	CDBG ACTIVITIES	EAST ST LOUIS IL	08/27/1985
85-CH-241-1808	CDBG ACTIVITIES	SPRINGFIELD OH	08/29/1985
85-FW-243-1009	COMMUNITY DEV BLOCK GRANT PROGRAM	ATHENS TX	04/09/1985
85-FW-248-1010	ACCOUNTING SYSTEM EVALUATION	PLANO TX	07/30/1985
85-FW-258-1012	ACCOUNTING SYSTEM EVALUATION COLONIAS ECONOMIC DEVELOPMENT	AUSTIN TX	09/18/1985
85-FW-241-1802	SURVEY OF LUMP SUM DRAWDOWN 1982 CDBG PROGRAM	TULSA OK	09/06/1985
85-KC-242-1009	URBAN DEVELOPMENT ACTION GRANT	KANSAS CITY MO	08/20/1985
85-NY-248-1050	URBAN DEVELOPMENT ACTION GRANT	CATSKILL NY	04/24/1985
85-NY-241-1054	COMMUNITY DEVELOPMENT BLOCK GRANT	NIAGARA FALLS NY	07/03/1985
85-NY-248-1055	URBAN DEVELOPMENT ACTION GRANT	DEPOSIT NY	07/09/1985
85-NY-246-1057	SMALL CITIES PROGRAM	BLOOMINGBURG NY	08/07/1985
85-NY-243-1802	NEW BRUNSWICK HOUSING AND URBAN DEVELOPMENT AGENCY	NEW BRUNSWICK NJ	06/14/1985
85-PH-248-1008	ACCOUNTING SYSTEM EVALUATION	KENT COUNTY MD	04/26/1985
85-PH-248-1009	ACCOUNTING SYSTEM EVALUATION	LONACONING MD	04/26/1985
85-PH-248-1010	ACCOUNTING SYSTEM EVALUATION	CHURCH HILL MD	04/26/1985
85-PH-242-1013	URBAN DEVELOPMENT ACTION GRANT	BALTIMORE MD	08/09/1985
85-PH-248-1015	ACCOUNTING SYSTEM EVALUATION	RIDGELY MD	09/12/1985
85-PH-248-1017	CDBG ACCOUNTING SYSTEM EVALUATION	NORTH EAST MD	09/18/1985

REPORT NO.	TITLE	LOCATION	ISSUE DATE
85-SE-242-1004	URBAN DEV ACTION GRANT ACTIVITIES	SEATTLE WA	08/01/1985
85-SE-241-1005	CDBG ACTIVITIES - SNOHOMISH COUNTY	EVERETT WA	08/16/1985
85-SF-242-1012	URBAN DEVELOPMENT ACTION GRANTS	OAKLAND CA	05/28/1985
85-SF-248-1015	ACCOUNTING SYSTEM EVALUATION HOWONQUET COMMUNITY ASSOCIATION	SMITH RIVER RANCHERIA CA	08/01/1985
85-SF-248-1016	ACCOUNTING SYSTEM EVALUATION	LIVERMORE CA	08/14/1985
85-SF-242-1017	URBAN DEVELOPMENT ACTION GRANTS	SAN FRANCISCO CA	08/20/1985
85-SF-248-1018	ACCOUNTING SYSTEM EVALUATION CITY OF SOUTH SAN FRANCISCO	SOUTH SAN FRANCISCO CA	08/20/1985
ADMINISTRATION			
85-AO-261-1009	BOOKER T. WASHINGTON FOUNDATION	WASHINGTON DC	04/04/1985
85-AO-262-1010	THE POLICE FOUNDATION	WASHINGTON DC	05/02/1985
85-AO-262-1011	THE MATCH INSTITUTION	WASHINGTON DC	07/02/1985
85-AO-201-1012	NATIONAL CONFERENCE OF STATES ON BUILDING CODES AND STANDARDS	HERNDON VA	07/29/1985
85-AO-261-1014	NATIONAL ASSN OF NEIGHBORHOODS	WASHINGTON DC	08/01/1985
85-AO-269-1015	OWD ENTERPRISES	WASHINGTON DC	08/09/1985
85-AO-261-1017	J. R. ENTERPRISES	WASHINGTON DC	08/22/1985
85-AO-261-1018	NATIONAL COUNCIL OF LA RAZA	WASHINGTON DC	08/30/1985
85-AO-261-1813	MERREL ASSOCIATES	SILVER SPRING MD	07/31/1985
85-AO-269-1816	SECTION 312 DISBURSEMENTS MADE BY COMP MARKETING SYSTEMS INC	WASHINGTON DC	08/13/1985
85-AT-262-1020	SAVANNAH LANDMARK REHAB. PROJECT	SAVANNAH GA	07/08/1985

REPORT NO.	TITLE	LOCATION	ISSUE DATE
85-AT-261-1021	PRO-MARK, INC	JACKSON MS	07/26/1985
85-AT-262-1024	EXODUS, INC	ATLANTA GA	09/05/1985
85-AT-261-1026	SMALL CITY & RURAL ECONOMIC DEVEL MARTIN LUTHER KING, JR CENTER	ATLANTA GA	09/27/1985
85-CH-262-1013	INTL ASSN OF ASSESSING OFFICERS	CHICAGO IL	08/01/1985
85-CH-261-1015	HILL, TAYLOR AND COMPANY	CHICAGO IL	08/09/1985
85-KC-262-1006	STOLAR PARTNERSHIP	ST LOUIS MO	05/28/1985
85-NY-261-1049	INTERRACIAL COUNCIL FOR BUSINESS OPPORTUNITY	NEW YORK NY	04/17/1985
85-NY-261-1053	NEW YORK CITY PARTNERSHIP	NEW YORK CITY NY	06/28/1985
85-NY-262-1056	MORRIS HEIGHTS NEIGHBORHOOD IMPROVEMENT ASSOCIATION	NEW YORK CITY NY	07/15/1985
85-NY-262-1058	MUNICIPAL SERVICES ADMINISTRATION	SAN JUAN PR	08/22/1985
85-NY-262-1059	ECODATA INC	NEW YORK CITY NY	08/26/1985
85-PH-261-1012	INFORMATION CONTROL SYSTEMS CORP	BALTIMORE MD	05/24/1985
85-PH-262-1014	AMAF INDUSTRIES INC	COLUMBIA MD	08/15/1985
85-PH-261-1016	HOUSING OPPORTUNITIES INC	MCKEESPORT PA	09/13/1985
85-PH-262-1018	UNIVERSITY OF PENNSYLVANIA	PHILADELPHIA PA	09/23/1985
85-SF-262-1013	BROWN AND CALDWELL	PLEASANT HILL CA	06/21/1985
85-SF-262-1014	BROWN AND CALDWELL INC	PLEASANT HILL CA	06/27/1985
85-SF-261-1019	SOUTHERN CALIF ASSN OF GOVERNMENTS	LOS ANGELES CA	08/29/1985
85-SF-261-1020	GOLDEN STATE BUSINESS LEAGUE	OAKLAND CA	09/04/1985
85-SF-262-1022	U S HUMAN RESOURCES CORP	SAN FRANCISCO CA	09/16/1985

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

October 9, 1985

MEMORANDUM FOR : All HUD Employees

A recent study by the U.S. Merit Systems Protection Board disclosed that Federal employees frequently do not report knowledge of fraud, waste and mismanagement. This, in part, is due to their fear of reprisals against them for such reporting.

A major goal of this Administration is the elimination of waste, fraud and abuse of authority. I wholeheartedly support this goal and want all of you to work with me toward its achievement. If you suspect or have knowledge of fraud, waste or mismanagement by any Federal Government employee or any participant in a Government program, you should immediately report your suspicions. The law provides broad protection from any reprisal being taken against you for making such reports, and I give you my personal assurance that I will not tolerate any such reprisal.

As HUD employees, you are responsible for reporting promptly to your supervisor or directly to the Office of Inspector General any indications of irregularity. The HUD Employees' Hotline, (FTS) 472-4200, is available to facilitate such reporting. You are also required to assist the Inspector General in any audit, investigation or review of such matters. For further information, see HUD Handbook 2000.3, "Office of Inspector General Activities".

Taking or threatening reprisal action against those who report irregularities will not be tolerated. The Civil Service Reform Act of 1978 provides protection against such reprisals and I fully endorse the provisions of this Act. If any employee believes that he/she is being punished for reporting irregularities, report it to the Special Counsel of the U.S. Merit Systems Protection Board, (FTS) 653-7188.

If we are to eliminate waste, fraud and abuse in Government, we must all work together. We can no longer turn a blind eye to wrongdoing and leave it to someone else to take action. It is the responsibility of all of us to ensure that this Department is run effectively and efficiently. Employees actively participating in this program can be assured of my personal support--and gratitude--for their effort and dedication.

Samuel R Pierce Jr

Samuel R. Pierce, Jr.

Mr. McKINNEY. Welcome, I am delighted to have you here and am looking forward to hearing your testimony. I am reminded by two articles I have here that regardless of what we do to pass decent legislation, it depends on the willingness of others to live up to the legislation. I am delighted to see you coming down on this drive-by appraisal. This misuse and abuse of taxpayer's money is incredible. The problem of skimming and false evaluations have to be dealt with. What is it that makes people think they can take from the middle income and the poor? I don't know.

But I am delighted to have you and your crew here. As ranking member on the District of Columbia Committee I have been watching what's been happening with real estate appraisals in this city and it is mind boggling. Nobody treats me, a Congressman, like that so why should they treat anybody else that way. The business of drive-by appraisals, equity financing, inner city coercion, and the whole coalition of ways to beat HUD has got to stop. I will listen to your testimony with great interest.

Frankly, when I think of what we could do in the housing field with the money that is being stolen, and I use the word advisedly, I become ill. If there has ever been a field that this administration has no commitment to it, is housing. I was reminded today in a breakfast speech that I used the phrase "Americans' desire," but I meant every American's wish or every American's dream is a roof over their head. We used to say it was a right. It's more difficult to say that now because those people who feel that they are going to own their own home are being used by all the equity games that are known to mankind. I, for one, want to see them stopped.

Thank you, Mr. Chairman.

Chairman GONZALEZ. Thank you, Mr. McKinney.

Mr. LaFalce, do you wish to say anything, a brief statement, if you desire?

Mr. LAFALCE. Thank you very much, Mr. Chairman.

First of all, I want to thank you for permitting me, as a nonmember of the Housing Subcommittee, to participate in this morning's hearings. I am anxious to hear the report of the inspector general regarding his investigation of all of HUD's programs, particularly, though, I am concerned about whatever abuses he might have found in the section 8 moderate rehabilitation programs, of particular concern, I hope, regarding the guidelines, and the regulations that do or don't exist, their adequacy and the extent to which they are being followed or not being followed on a national basis and also within the area that I happen to represent.

Thank you.

Chairman GONZALEZ. Thank you, Mr. LaFalce. Mr. Torres.

Mr. TORRES. Thank you, Mr. Chairman.

I, too, will listen with great intent this morning to the inspector general. I have a great deal of concern about what is taking place in my part of the country, the west coast and the city of Los Angeles, the problems we see with the regional offices in reneging on their commitments to cities, changing the rules in the middle of the game, a whole series of problem areas that confront my constituents.

Thank you, Mr. Chairman.

Chairman GONZALEZ. Thank you. Mr. Kleczka.

Mr. KLECZKA. Thank you.

Let me extend my welcome to Paul Adams and his staff. I was a brand new fledging legislator in 1984 when I called upon Paul Adams to investigate what we thought were some serious abuses in the HUD program in Milwaukee, and after a thorough staff review by your department, you did uncover many of not only the administration's or administrative problems, but you also turned up some illegal dealings which currently are under prosecution in Milwaukee, as you probably are well aware.

For that reason I thank you, sir. We look forward to your testimony and the ensuing questions. However, I think that many of the administrative changes this committee and the chairman would like to see would probably be well answered by someone in that level in HUD and not the inspector general. So I hope we don't harm the meaning too much in our questioning.

However, I do realize that those responsible for those changes, those needed changes, are not here. For what reason I don't know. Hopefully at a future hearing, after you unfold what the problem is nationwide, and it is not only Milwaukee, hopefully at the next meeting, Mr. Chairman, somebody under the—from the Department, either Secretary or Deputy Secretary, could come in, indicate to the public and to the Congress what changes are being made.

Truly, Mr. Adams, it is not your position to state so, even though during questions we will try to extract that from you. Thank you, sir.

Chairman GONZALEZ. Thank you.

Mr. Adams, of course, your testimony, as I said before, will be entered into the record at this point. But you may proceed as you see fit. You, I think, have been before some of these committees, probably Government Operations, and so I want to thank you again for taking your time and being here with us this morning.

STATEMENT OF PAUL A. ADAMS, INSPECTOR GENERAL, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ACCOMPANIED BY: STEVEN A. SWITZER, ASSISTANT INSPECTOR GENERAL FOR AUDIT; AND PATRICK J. NERI, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATION

Mr. ADAMS. Thank you, Mr. Chairman, and members of the committee. I appreciate the opportunity to appear before you today to discuss some of the problems identified in our most recent semiannual report to Congress.

Accompanying me today are Steven Switzer, our assistant inspector general, and Patrick J. Neri, our assistant inspector general for investigation.

We are also concerned that HUD programs serve only intended recipients and that these programs are administered economically and effectively. Our semiannual report for the 6 months ending September 30, 1985, described serious weaknesses in HUD's program administration. Some of the more significant matters reported are HUD's need to better use its limited monitoring resources by fully implementing an accountability monitoring concept. This approach would target available resources at high risk activities and program participants.

Problems in the section 8 existing program continue. We found that housing quality standards are not being met and HUD is paying excess rents.

The development of Indian housing units is unduly lengthy and costly, and once developed the housing is poorly managed.

Property taxes on HUD-owned and HUD-insured projects could be substantially reduced as one means of holding down both rents and Federal subsidies if proper steps to obtain tax relief were taken by HUD and project owners.

While we believe these matters are very important, the Department is working on corrective actions. However, Mr. Chairman, in line with your request dated January 23, 1986, I would like to devote the majority of my statement to two problems that seem to be growing. If left unchecked, problems in both the single-family insured and rental assistance programs could cost the taxpayers millions of dollars.

The first issue I would like to discuss is single-family insured loans. Recently heavy media attention has refocused on HUD single-family insured loan programs. Our semiannual report identified two serious problems, equity skimming and loan origination abuses. Equity skimming is an increasingly frequent scheme whose victims include the Government and homeowners in financial difficulty seeking to sell their homes. The new buyer assumes the existing mortgage on the property, rents the property to a tenant and collects rent but does not make the mortgage payments. The property then goes into foreclosure and HUD pays the insurance claim.

Equity skimming is practiced throughout the country. We currently have investigations in progress in 30 locations. In attempting to address this growing concern, we have coordinated with the Department of Justice and the FBI so that problems can be addressed in an efficient and timely manner.

HUD's potential losses from equity skimming are high. Moreover, HUD's vulnerability to equity skimming is greater in soft housing markets. For example, during the past 6 months, a HUD and VA joint effort in Houston, TX, identified about 30 individuals or firms as equity skimmers. In mid-January our staff and VA staff held a briefing with the U.S. attorney, his staff and FBI agents to initiate several investigative/prosecutive efforts concerning the Houston equity skimming.

As to means to prevent future abuse, we worked with the Office of Housing in preparing a warning letter to those mortgagors that equity skimmers are most likely to prey upon. HUD has instructed the mortgage servicers to provide the cautionary letters to borrowers in default.

Loan origination abuses are another serious problem. The abuses generally occur with the knowledge and participation of various parties to the transactions whose motives revolve around the fees collected during the processing and closing of loans. These parties include sellers, brokers, lenders, credit agencies, title companies, speculators, and appraisers. Typically the schemes to defraud involve the submission of false data that leads to the approval of loans for properties and individuals that would not otherwise qualify for the loans. The types of false data submitted include:

Overstated income or understated expenses to show that the applicants can meet the monthly mortgage payments.

Overstated source of cash to make required down payments and to pay closing costs, and inflated property values that HUD relies on to secure the mortgage.

Obviously, those motivated by greed can and do use many variations on these schemes, but the bottom line tends to be the same, that is, unqualified borrowers obtain insured mortgages they cannot pay.

We believe our work in Camden, NJ, and Milwaukee, WI, as discussed in our semiannual report, illustrates the various loan origination problems.

A task force was initiated in February 1984 consisting of investigators and auditors from the HUD and VA offices of the inspector general and the FBI. The task force determined that certain speculators in Camden purchased properties from HUD and private citizens for nominal amounts. HUD-insured mortgages were then obtained at substantially greater value than the purchase prices. This was fraudulently done by creating strawbuyers, supplying false information, inflating VA appraisals, and inflating home repair costs. Applicants were advised to use false Social Security numbers so that credit bureaus would not find out bad credit information about them. Many buyers were not qualified and the loans went into default.

The investigation is still ongoing, and to date, a vice president of a mortgage company, a mortgage loan solicitor, six real estate brokers or realtors, an accountant, a VA fee appraiser, an insurance agent and three mortgagors have been convicted and sentenced to prison terms for conspiracy to defraud HUD and for making false statements to HUD. Charges have also been filed against seven other individuals including a mortgage company president.

In August 1984, Congressman Kleczka brought to Secretary Pierce's attention a pattern of abuse in Milwaukee. These abuses were also addressed by this subcommittee at a hearing held in Milwaukee on October 8, 1984.

Again, a coordinated audit and investigative effort, including our office and the FBI working with the U.S. attorney, resulted in administrative and prosecutive actions. We issued an internal audit report on the Milwaukee office and three mortgagee audit reports. The mortgagee lender audits, issued in September 1985, resulted in HUD's Mortgagee Review Board seeking indemnification for loans containing underwriting deficiencies attributed to the lender. The mortgage companies have reimbursed HUD about $80,000 and agreed not to submit insurance claims on other loans totaling about $150,000. Moreover, in November 1985, 13 individuals were indicted for conspiracy and submitting false statements.

Our internal audit report issued in March 1985, showed the sale prices and methods used to dispose of HUD-acquired properties were not reasonable, supportable, and in the best interest of HUD. The appraisal and sales approaches used were based on inaccurate and incomplete information and were not evaluated to analyze their effect on the neighborhoods. The Milwaukee office overemphasized selling properties quickly and relied solely on the market to assure reasonable sales practices. In addition, the field office's poor underwriting practices resulted not only in loans for unqualified applicants but also may have contributed to poor loan origination practices of mortgage lenders.

We recommended that the Milwaukee office manager: Establish procedures to assure that property disposition sales prices are properly supported and that appraisals are competently performed; revise sales advertising procedures; and provide instruction to credit examiners, mortgagees, and HUD employees on reviewing mortgage insurance applications. Our office is monitoring the implementation of our recommended actions.

Additional comprehensive efforts are also underway. For example, we are currently participating with the FBI and the U.S. attorney in an extensive investigation of fraud in the single-family programs in Washington, DC. Where possible, debarment actions are being taken by the Department while the investigation is ongoing. We are also working closely with the U.S. Attorney's Office to ensure that civil remedies are considered where appropriate.

While there are many problems, we believe the media tends to exaggerate the pervasiveness of the problems. Further, I think the Department is making a concerted effort to address the problems. In June 1985, Secretary Pierce established a single-family task force composed of top HUD officials to evaluate the primary trouble spots in single-family housing programs. The task force made equity skimming and loan origination abuses major issues for review. The task force also focused on areas such as underwriting, program design, program management, and sanctions. We believe the comprehensive approach taken by the task force can significantly improve the policies, procedures, and management controls governing the single-family insured programs.

The task force has substantially completed its work and their final report will surface policy issues for the Secretary's consideration. In addition, the task force supports several internal changes that can lead to better quality loans and reductions in fraud and abuse. We are encouraged by top management's attention to the problems and will continue to press for the implementation of needed improvements.

Another issue we would like to discuss is tenant eligibility for rental assistance. HUD studies have found significant losses of money and productivity in determining eligibility and setting benefit levels in assisted housing programs. We estimate that $200 million annually may be lost due to fraud while other departmental researchers estimate an additional $80 million is lost through administrative error.

Our semiannual report described tenant fraud in the Section 8 Housing Program. For the 6 months ending September 30, 1985, our investigations resulted in 137 indictments and 98 convictions of individuals participating in the program, as well as fines and monetary recoveries of $690,000. To overcome these problems, the Department is considering a quality control system for tenant eligibility which would provide for quality control sampling and computer matching. The quality control sampling technique would use periodic quality control samples to measure error rates and determine needed program changes to reduce administrative error.

The quality control system would also use income matching techniques to identify tenants who are either not eligible for benefits or are receiving an incorrect amount. HUD program managers, as well as our office, have conducted computer matches in the past, but these were limited to a few States that voluntarily provided the necessary wage-income information.

As a result of our computer matches in four States, we identified rental assistance tenants who had not reported all of their income. To date, several of these cases have been referred to prosecutive authorities for consideration of criminal or civil action. Computer matching on a wide scale requires legislative action to give HUD the authority to require: One, applicants and tenants to provide their Social Security numbers; and, two, State unemployment agencies to provide wage data to the Department in order to conduct computer matches with tenant records.

In November 1983, I testified before this subcommittee, along with Warren Lindquist, Assistant Secretary for Public and Indian Housing, concerning the benefits such legislation could provide. Recently, HUD requested in its authorization bill, S. 667, the authority to require the necessary information to conduct computer matches. We believe passage of these proposals is critical to any systematic approach to preventing tenant fraud.

We are pleased, Mr. Chairman, that most of our provisions to obtain Social Security numbers are in your bill, H.R. 1, as well as a recent Senate bill, S. 1913, introduced by Senator D'Amato. While these versions establish a useful system of verification, we still need authority to obtain access to State wage data files. Specific legislative language is in place for States to release this information for the Food Stamp and Aid to Families with Dependent Children [AFDC] Programs. This authority is provided in section 303 of the Social Security Act.

However, States are reluctant to provide comparable information to HUD in the absence of a similar provision in the Social Security statute to cover HUD programs. We hope this subcommittee, which among all those in Congress contains the most knowledge of and experience with HUD programs, will take the lead on this issue and convince the Ways and Means Committee that an amendment to the Social Security Act is vital.

Such an amendment would simply require States to provide wage and Social Security information to HUD. As I said, this activity would be no different than the Food Stamp and AFDC Programs. Most importantly, it would allow HUD to save and thus better spend $200 million of housing assistance every year. We think passage of such an amendment is critical to a systematic approach to preventing tenant fraud and more effectively administering HUD's programs. We strongly urge your assistance in this matter.

Mr. Chairman, before I close, I would like to address the Section 8 Moderate Rehabilitation Program that you also mentioned in your January 23 request. More specifically, you asked about our efforts in reviewing HUD's distribution of the funds. We have not audited or investigated that specific aspect of the program. Rather our efforts over the past 2 years were directed at the major problem common to almost all section 8 moderate rehab projects.

That problem is excessive rents; 31 of the 33 audit reports issued in fiscal years 1984 and 1985 on public housing authorities [PHA's] administering the program discuss excessive rents. Rents were excessive in 78 percent of the units tested, and excess subsidies over the 15-year life of the housing assistance payment contracts for these units could total over $32 million.

In addition, we believe that the following factors support the high probability that the other PHA's have excessive rents: One, the complexity of the rent computation; two, PHA contentions that HUD mandated unrealistic deadlines to get units under contract in the early program stages and did not provide adequate guidelines on the rent computations; and, three, lack of PHA incentive to properly compute the rents.

Because of the noted problems with excessive rates we recommended, and the General Deputy Assistant Secretary for Housing, Janet Hale, agreed, that special and comprehensive efforts are needed to recompute rents already under HAP agreements and to initiate steps to prevent future recurrences. These activities are currently underway.

Mr. Chairman, weaknesses do exist in the administration of housing programs, but HUD is taking positive steps to identify and eliminate these weaknesses. Effective, strengthened housing programs depend on HUD's continued pursuit of initiatives to prevent and detect fraudulent activities and programmatic weaknesses. Our office will continue to provide our full support to these efforts and report troublesome areas so they can be addressed timely.

Mr. Chairman, that concludes my oral statement. I will be pleased to answer any questions you may have.

[The prepared statement of Mr. Adams follows:]

STATEMENT OF PAUL A. ADAMS, INSPECTOR GENERAL, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. Chairman and Members of the Committee, I appreciate the opportunity to appear before you today to discuss some of the problems identified in our most recent Semiannual Report to Congress. Accompanying me today are Steven A. Switzer, Assistant Inspector General for Audit, and Patrick J. Neri, Assistant Inspector General for Investigation.

We are concerned that HUD programs serve only intended recipients and that these programs are administered economically and effectively. Our Semiannual Report for the six-month period ending September 30, 1985, described serious weaknesses in HUD's program administration. Some of the more significant matters reported are:

- HUD needs to better use its limited monitoring resources by fully implementing an "accountability monitoring" concept. This approach would target available resources at high risk activities and program participants.

- Problems in the Section 8 Existing Program continue. We found that Housing Quality Standards are not being met and HUD is paying excess rents.

- The development of Indian Housing units is unduly lengthy and costly and once developed the housing is poorly managed.

- Property taxes on HUD-owned and HUD-insured projects could be substantially reduced as one means of holding down both rents and Federal subsidies if proper steps to obtain tax relief were taken by HUD and project owners.

We believe these matters are very important and the Department is working on corrective actions. However, Mr. Chairman, in line with your request dated January 23, 1986, I would like to devote the majority of my statement to two problems that seem to be growing. If left unchecked, problems in both the Single Family Insured and Rental Assistance Programs could cost the taxpayers millions of dollars.

The first issue I would like to discuss is Single Family insured loans. Recently, heavy media attention has refocused on HUD Single Family Insured Loan Programs. Our Semiannual Report identified two serious problems, equity skimming and loan origination abuses. Equity skimming is an increasingly frequent scheme whose victims include the government and homeowners in financial difficulty seeking to sell their homes. The new buyer assumes the existing mortgage on the property, rents the property to a tenant, and collects the rent but does not make the mortgage payments. The property then goes into foreclosure and HUD pays the insurance claim.

Equity skimming is practiced throughout the country. We currently have investigations in progress in 30 locations. In attempting to address this growing concern, we have coordinated with the Department of Justice and the FBI so that problems can be addressed in an efficient and timely manner.

HUD's potential losses from equity skimming are high. Moreover, HUD's vulnerability to equity skimming is greater in soft housing markets. For example, during the past six months, a HUD and VA joint effort in Houston, Texas, identified about 30 individuals or firms as equity skimmers. In mid-January our staff and VA staff held a briefing with the United States Attorney, his staff and FBI agents to initiate several investigative/prosecutive efforts concerning the Houston equity skimming.

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Loan origination abuses are another serious problem. The abuses generally occur with the knowledge and participation of various parties to the transactions whose motives revolve around the fees collected during the processing and closing of loans. These parties include sellers, brokers, lenders, credit agencies, title companies, speculators, and appraisers. Typically, the schemes to defraud involve the submission of false data that leads to the approval of loans for properties and individuals that would not otherwise qualify for the loans. The types of false data submitted include:

- o Overstated income or understated expenses to show that the applicants can meet monthly mortgage payments.
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Obviously, those motivated by greed can and do use many variations on these schemes but the bottom line tends to be the same, i.e., unqualified borrowers obtain insured mortgages they cannot pay.

We believe our work in Camden, New Jersey, and Milwaukee, Wisconsin, as discussed in our Semiannual Report, illustrates the various loan origination problems.

A task force was initiated in February 1984 consisting of investigators and auditors from the HUD and VA Offices of Inspector General and the FBI. The task force determined that certain speculators in Camden purchased properties from HUD and private citizens for nominal amounts. HUD-insured mortgages were then obtained at substantially greater value than the purchase prices. This was fraudulently done by creating strawbuyers, supplying false information, inflating VA appraisals, and inflating home repair costs. Applicants were advised to use false Social Security numbers so that credit bureaus would not find out bad credit information about them. Many buyers were not qualified and the loans went into default.

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A coordinated audit and investigative effort, including our office and the FBI working with the U.S. Attorney, resulted in administrative and prosecutive actions. We issued an internal audit report on the Milwaukee Field Office and three mortgagee audit reports. The three mortgage lender audits, issued in September 1985, resulted in HUD's Mortgagee Review Board seeking indemnification for loans containing underwriting deficiencies attributed to the lender. The mortgage companies have reimbursed HUD about $80,000 and agreed not to submit insurance claims on other loans totaling about $150,000. Moreover, in November 1985, 13 individuals were indicted for conspiracy and submitting false statements.

Our internal audit report issued in March 1985 showed the sale prices and methods used to dispose of HUD-acquired properties were not reasonable, supportable, and in the best interest of HUD. The appraisal and sales approaches used were based on inaccurate and incomplete information and were not evaluated to analyze their effect on neighborhoods. The Milwaukee Office overemphasized selling properties quickly and relied solely on the market to assure reasonable sales practices. In addition, the Field Office's poor underwriting practices resulted not only in loans for unqualified applicants but also may have contributed to poor loan origination practices by mortgage lenders.

We recommended that the Milwaukee Office Manager: establish procedures to assure that property disposition sales prices are properly supported and that appraisals are competently performed; revise sales advertising procedures; and provide instruction to credit examiners, mortgagees, and HUD employees on reviewing mortgage insurance applications. Our office is monitoring the implementation of our recommended actions.

Additional comprehensive efforts are also underway. For example, we are currently participating with the FBI and the U.S. Attorney in an extensive investigation of fraud in the Single Family Programs in Washington, D.C. Where possible, debarment actions are being taken by the Department while the investigation is ongoing. We are also working closely with the United States Attorney's office to ensure that civil remedies are considered where appropriate.

While there are many problem areas, we believe the media tends to exaggerate the pervasiveness of the problems. Further, I think the Department is making concerted efforts to address the problems. In June 1985, Secretary Pierce established a Single Family Task Force composed of top HUD officials to evaluate the primary trouble spots in Single Family Housing Programs. The Task Force made equity skimming and loan origination abuses major issues for review. The Task Force also focused on areas such as underwriting, program design, program management, and sanctions. We believe the comprehensive approach taken by the Task Force can significantly improve the policies, procedures and management controls governing the Single Family Insured Programs.

The Task Force has substantially completed its work and their final report will surface policy issues for Secretary Pierce's consideration.

In addition, the Task Force supports several internal changes that can lead to better quality loans and reductions in fraud and abuse. We are encouraged by top management's attention to the problems and will continue to press for the implementation of needed improvements.

Another issue we would like to discuss is tenant eligibility for rental assistance. HUD studies have found significant losses of money and productivity in determining eligibility and setting benefit levels in Assisted Housing Programs. We estimated that $200 million annually may be lost due to fraud, while other Departmental researchers estimated an additional $80 million is lost through administrative error.

Our Semiannual Report described tenant fraud in the Section 8 Housing Program. For the six months ended September 30, 1985, our investigations resulted in 137 indictments and 98 convictions of individuals participating in the Program as well as fines and monetary recoveries of $690,000. To overcome these problems, the Department is considering a Quality Control System for Tenant Eligibility which would provide for quality control sampling and computer matching. The quality control sampling technique would use periodic quality control samples to measure error rates and determine needed program changes to reduce administrative error. The Quality Control System would also use income matching techniques to identify tenants who are either not eligible for benefits or are receiving an incorrect amount. HUD program managers as well as our office have conducted computer matches in the past but these were limited to a few states that voluntarily provide the necessary wage/income information. As the result of our computer matches in four States, we identified rental assistance tenants who had not reported all of their income. To date, several of these cases have been referred to prosecutive authorities for consideration of criminal or civil action. Computer matching, on a wide scale, requires legislative action to give HUD the authority to require: (1) applicants and tenants to provide their Social Security numbers; and (2) State unemployment agencies to provide wage data to the Department in order to conduct computer matches with tenant records.

In November 1983, I testified before this Subcommittee along with Warren Lindquist, Assistant Secretary for Public and Indian Housing, concerning the benefits such legislation could provide. Recently, HUD requested in its authorization Bill, S.667, the authority to require the necessary information to conduct computer matches. We believe passage of these proposals is critical to any systematic approach to preventing tenant fraud.

We are pleased, Mr. Chairman, that most of our provisions to obtain Social Security numbers are in your Bill, H.R.1, as well as a recent Senate Bill, S.1913, introduced by Senator D'Amato. While these versions establish a useful system of verification, we still need authority to obtain access to State wage data files. Specific legislative language is in place for States to release this information for the Food Stamp and Aid to Families with Dependent Children (AFDC) Programs. This authority is provided in Section 303 of the Social Security Act. However, States are reluctant to provide comparable information to HUD in the absence of a similar provision in the Social Security statute to cover HUD programs. We hope this Subcommittee, which among all those in Congress contains the most knowledge of and experience with HUD programs, will take the lead on this issue and convince the Ways and Means Committee that an amendment to the Social Security Act is vital.

Such an amendment would simply require States to provide wage and Social Security information to HUD. As I said, this activity would be no different than the Food Stamp and AFDC Programs. Most importantly, it would allow HUD to save and thus better spend $200 million of housing assistance every year. We think passage of such an amendment is critical to a systematic approach to preventing tenant fraud and more effectively administering HUD's programs. We strongly urge your assistance in this matter.

Mr. Chairman, before I close I would like to address the Section 8 Moderate Rehabilitation Program that you also mentioned in your January 23rd request. More specifically, you asked about our efforts in reviewing HUD's distribution of the funds. We have not audited or investigated that specific aspect of the Program. Rather our efforts over the past two years were directed at the major problem common to almost all Section 8 Moderate Rehab projects. That problem is excessive rents. Thirty-one of the thirty-three audit reports issued in Fiscal Years 1984 and 1985 on public housing authorities (PHAs) administering the Program discuss excessive rents. Rents were excessive in 78 percent of the units tested and excess subsidies over the 15-year life of the Housing Assistance Payment (HAP) contracts for these units could total over $32 million. In addition, we believe that the following factors support the high probability that other PHAs have excessive rents: (1) the complexity of the rent computation; (2) PHA contentions that HUD mandated unrealistic deadlines to get units under contract in the early program stages, and did not provide adequate guidelines on the rent computations; and (3) lack of PHA incentive to properly compute rents.

Because of the noted problems with excessive rents we recommended, and the General Deputy Assistant Secretary for Housing, Janet Hale, agreed, that special and comprehensive efforts are needed to recompute rents already under HAP agreements and to initiate steps to prevent future recurrences. These activities are currently underway.

Mr. Chairman, weaknesses do exist in the administration of housing programs but HUD is taking positive steps to identify and eliminate these weaknesses. Effective, strengthened housing programs depend on HUD's continued pursuit of initiatives to prevent and detect fraudulent activities and programmatic weaknesses. Our office will continue to provide our full support to these efforts and report troublesome areas so they can be addressed timely. Mr. Chairman, that concludes my prepared statement. I will be pleased to answer any questions you may have.

Chairman GONZALEZ. Thank you very much, Mr. Adams. I want to thank you for a very well-prepared report in many, many ways.

I wish to refer to a statement on page 6 of your testimony. I am surprised that you made reference to the fact that the media tended to exaggerate with regard to the problems with FHA. I am surprised, because I would expect that from the public relations office but not from the inspector general, because, if anything, the media thing has been relatively restrained and the FBI, for instance, in the Washington case, reports losses or involvement of sums of $5 million.

Well, you know, you can hardly expect the media not to get excited about those things. I really regret to see that, because it seems to me that that is more proper from the PR Department.

Mr. ADAMS. I would like to clarify that statement, if I might, Mr. Chairman.

Chairman GONZALEZ. Yes, sir.

Mr. ADAMS. I think I said it very poorly, but what I was intending to say was I think through our efforts to publicize the work we are doing and thereby prevent recurrences. I think we have kind of shot ourselves in the foot because I think the people think it is a lot worse than it really is. I think that is the price we are paying for success at this point. We have uncovered much of this and publicized it, hoping to prevent recurrence. That makes the press focus a little more than they might otherwise on it.

Chairman GONZALEZ. Well, in a democracy, which I think the savings gap is still there, but for how long, I don't know, it is absolutely indispensable that we have a watch dog. It is also absolutely indispensable that we continue to be concerned if it involves relatively small sums, because that very precious ingredient of credibility and trust is absolutely vital to the proper functioning of our system, in particular.

I think that question, I can understand why sometimes one feels that maybe we don't get enough credit, but that is—I can understand that. But the plain reading of your statement seemed to imply a little bit more than just that.

I had an inquiry from Congressman Rowland of Macon, GA, with regard to housing that appears to be defective. The Congressman points out these homes were built under the 235 Program and asked if I could determine defects in 235 housing have been a common occurrence, and if your office was aware of the situation and the Village Green subdivision in Macon, GA.

My staff had advised the HUD congressional staff of this particular inquiry, and I wonder if you have any information that you could provide today in response to Congressman Rowland's concerns.

Mr. Adams. I have seen the correspondence from Congressman Rowland. I had an opportunity to review it, but not very thoroughly at this point. The 235 Program is a program of some age, and the events that he described in the correspondence and the newspaper articles seemed to have occurred several years ago. I did have the opportunity to review a piece of correspondence from the HUD regional office to the Congressman describing what they now perceive occurred and the alternatives available to him. We will review it further though, Mr. Chairman.

[The correspondence referred to follows:]

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OFFICE OF INSPECTOR GENERAL

February 14, 1986

Honorable Henry B. Gonzalez
Chairman, Subcommittee on
  Housing and Community Development
Committee on Banking, Finance and Urban Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

During hearings on February 4, 1986 you requested that we respond to questions submitted by your colleague, Congressman J. Roy Rowland, concerning Village Green Subdivision in Macon, Georgia.

We have reviewed the material submitted to our office and correspondence from the Atlanta, Georgia HUD Regional Office to Congressman Rowland about the subdivision. As a result of our review, we believe that the age of this matter and attendent problems such as the absence of records and unavailability of personnel involved in processing the subdivision precludes any meaningful review by this office. In this same vein, we believe the conclusions reached by HUD's Atlanta staff are valid in that age and other factors relating to the problems at the subdivision preclude direct financial relief by the Department. Notwithstanding the above, we understand that HUD Housing staff have arranged to meet with Congressman Rowland and his staff on February 19, 1986 to discuss the matter in detail.

Based on the results of our review and the meeting planned to further discuss Village Green, we are not planning additional work at this time. Should your staff have any questions please have them contact Steven A. Switzer, Assistant Inspector General for Audit on 755-6364.

Sincerely,

Paul A. Adams
Inspector General

Chairman GONZALEZ. I would appreciate that. In fact, if you have a chance and when you have an opportunity, I would like to see that question addressed. The Congressman is very much concerned. I, of course, knew that he had made attempts to contact HUD, but he was asking our subcommittee to see what we could find out.

How would you explain—let's see, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 individuals, all of whom have held relatively high positions in HUD, that have either resigned under fire or have been forced to resign. Do you consider that an average occurrence in an administrative department such as HUD, all within the period of, say, 3 years or less? What does that indicate to you?

Mr. ADAMS. I would hope it would indicate we are doing a good job in looking into those matters and surfacing them so they can be properly addressed, Mr. Chairman.

Chairman GONZALEZ. For instance, in the cases surrounding the particular area under Ms. Jane Gallagher's jurisdiction, she is still on the job, as I understand it.

Mr. ADAMS. I believe you are correct, Mr. Chairman. I would like to also bring to your attention, when this issue first surfaced, the Secretary asked me to look into the matter and the report will be dispatched to him later today. We have enjoyed over the years, regardless of which administration was in office, substantial support from the Secretary of the Department. They have moved very aggressively on the information we brought to their attention, whether it concerned the principal staff or the program area.

Chairman GONZALEZ. How long have we had the Office of Inspector General in the Department of Housing?

Mr. ADAMS. We were created in 1970 by Secretary Romney and became a legislative organization in 1978, sir. I have served with the Department's Office of Inspector General and predecessor organizations since 1962.

Chairman GONZALEZ. Well, I know that you just answered that you have a report on its way or due on the Secretary's desk today in the case arising from the Jane Gallagher incident. But it seems to me, though, that there is something fatally flawed. Somebody is not running a tight ship in that department. It has taken the news media to bring out almost 100 percent of these cases.

Yes, the reaction has been expeditious on the part of the IG, but it has taken the media to uncover, and that is very disturbing to me. It hasn't happened—as I have said, I have worked with every administration since the creation of HUD, and I just simply do not recall over an equal period of time such a rapid, successive course of events that reflect what I consider to be insidious performance.

I realize that, I know one particular assistant, and maybe perhaps he was deputy for a while, in the initial period of this administration that I felt was a very straightforward individual and all, but I felt that the tendency in this administration was to say, "Well, if you have been a successful realtor or homebuilder, you are going to be a good administrator."

But the practices and tactics in private industry don't play in the public arena where you have more than the individual interest to defend, and I think that in his case, on the face of it, the action was improper as a public official. As a private businessman, it would have been perfectly normal and acceptable practice, but that is just one case. In the other cases, it seems to me that there was a series of events over a period of time that an efficient administrative chief and his cohorts would have corked before the news media. That is the reason I made the statement about not giving a hoot.

Mr. ADAMS. Mr. Chairman, without sounding defensive, I would like to make a statement, if I might.

Chairman GONZALEZ. Certainly. You are recognized.

Mr. ADAMS. The situation with the media is a bothersome one for us to cope with sometimes. We find ourselves at a distinct disadvantage because many times we have matters under investigation, and we just cannot publicly share those because of the processes underway, grand juries and other things.

A classic example is the situation in Washington, DC. I think when all is said and done, we will come out very positively, but we, the HUD Office of Inspector General, brought both of those matters to the attention of the U.S. attorney and FBI. We have been working with them several months on those situations. So I think we are distinctly disadvantaged in the public perception in reacting to the press when we are out there sometimes much in advance of the press.

That was also true in Camden. We had been working for some time before it became public, but the process inhibits us from sharing that information publicly, so it leaves the perception we are responding to the media when we are really not.

In the situation in Milwaukee, I will have to agree, Congressman Kleczka did bring it to our attention, we were not previously aware of it. I thank you for doing that. But in the other two situations, we were substantially in advance of the press. Thank you, sir.

Chairman GONZALEZ. You bet.

Well, in the Milwaukee case, the newspapers of Milwaukee, I would give credit, because they not only uncovered, they persisted and sustained in a very, very efficient, very responsive way, and in fact it was one reason why the subcommittee went to Milwaukee, because there was a justification for an oversight hearing on the part of the subcommittee, but only after it was premised on what the Milwaukee Centennial and the other newspaper in Milwaukee had been bringing out for days, weeks.

I am going to ask a question now, and I am going to ask leave of my colleagues, because I am doing this on behalf of a very esteemed member of this subcommittee. I understand from an article in the December 26 Washington Post and the January 20 issue of the New Republican, an individual named Mark Holtzman, a company called Phoenix & Associates, have been engaged in influence peddling at HUD. Have you investigated these reports, a large sum of money had been paid for simply making introduction to political cronies at HUD? If you have investigated, is there any possibility we could obtain the results of that investigation?

Mr. ADAMS. I am not familiar with the particular situation you are describing, Mr. Chairman. I would be glad to take a look at the articles and see what is appropriate, though.

Chairman GONZALEZ. I know, from my own situation back home, that since the advent of this administration, the city of San Antonio has paid very high sums for ostensible legal services, but in reality, lobbying efforts on behalf of action grants, for instance. The sums paid in 1 year for this service in which billings were made for trips to Washington to visit HUD officials and with some political partisan connotations, that is officials that had been high ranking in the Republican Party accompanied this particular attorney, but you had the city of San Antonio paying out $285,000 for 1 year's performance. The money was paid out of community development block grant funds.

Now, you know, the local city officials, of course, were the judges as to the propriety in which they entered into this particular arrangement. But it seems to me that the payment for this type of service out of community development block grant funds, we are fighting to save the very life of those funds—and a city like San Antonio is very, very strapped for—should be violative of some—certainly morally speaking, I wouldn't condone it, but from a standpoint of administration, HUD handles these funds. Are there any guidelines?

The impression is loose, that you can influence, particularly the Department of HUD, through partisan solicitation. And I don't know what you could do about it. I don't even know if you would feel able or free to do anything about it, but it just seems to me there ought to be some rules governing the propriety of payments of funds from one HUD source for services to influence payments from another HUD source.

I asked the question and the answer was there was nothing to prohibit that. If a developer pays a large sum of money to gain access to HUD, is this a common occurrence, to your knowledge?

Mr. ADAMS. All Federal funds are subject to audit as to their eligibility, and during the process of that audit, if they are challenged as being ineligible, the grantee has to come back and justify eligibility.

Chairman GONZALEZ. Mighty fine. I have exceeded my time, but as I say, these last two questions, I am doing it on somebody else's request and time.

Mr. McKinney.

Mr. McKINNEY. I am particularly interested in any suggestions you may have as to how we can solve, legislatively speaking, what I consider to be a systemic problem within housing and urban development. You stated that 78 percent of the housing agencies were overcharging for rent or rentals?

Mr. ADAMS. Units within those agencies, as I recall. Is that correct, Steve?

Mr. SWITZER. Yes.

Mr. MCKINNEY. We are all familiar with the appraisal scam, the drive-by, and the equity skimming, all of which are covered in your study. How do we control this stuff in a nation of 230 million people across these cities? As ranking member of the District of Columbia, I have watched DC's agonies and private developers' ecstasies over their programs. How do we control that? That is really the question, I guess. Do we need more people in your department? Do we need a periodic review? What do we need?

Mr. ADAMS. We always like more people because the more staff we have, the more work we can do.

Mr. MCKINNEY. Saying that in the days of Gramm-Rudman is like whistling in the dark.

Mr. ADAMS. I understand. We wanted to look at it as a multifaceted approach. The first thing we would like to see done is that those people found to have violated the law to be prosecuted. I am not out to lynch people, but I don't think anyone should violate the law with any sense of immunity.

Over the years, we have been able to educate some of the juries and judges, and the judges are dispensing more severe sentences. Up to the time the public is aware they will be appropriately sanctioned when they violate the law or rules of the Department, they will do that.

Second, we have to look at the programs and see where they broke down, if there was a breakdown within the programs, and try to correct those systemic problems.

Mr. MCKINNEY. Rehab is becoming the Northeast's last resort. Why do you find flaws in that program?

Mr. ADAMS. We haven't found a prevalency of flaw. There have been administrative problems with it, the implementation of it, the establishment of rents, we have done audit work. We consistently find the rents placed on the units are substantially excessive because they can't justify the costs they have reported, and so we are asking those to be recomputed and reduced accordingly.

We also have a substantial problem with housing quality standards. As we go back and reinspect as part of our routine audit work units, we find they are not meeting housing quality standards. That is a local problem and problem of the Department. The Department is required every 2 years to go out and review each of the PHA's to see how they are administering the program and see whether or not they are complying with our own guidelines.

Mr. MCKINNEY. For years I tried to get a small program included in our authorization bill. Finally, 3 years ago I managed to get it included in our bill. Simply, HHS—the rent payer to talk to HUD—the housing provider. The problem now is that the money for the program is being cut by appropriations.

It is appalling to me that some think it is easier to build a new house than it is to rehab an old one, because it is never-never land.

You never know what is coming at you. You essentially operate on a word of trust, which is what you do. I don't think it will cost more than such and such an estimate. It seems to me that for the Federal Government to underwrite those rents there has got to be a more calculated way of doing it, but I am not sure what it is.

This is an open-ended question. I don't mean to put you on the spot, Mr. Adams but given the cities across the country, and my experience in Bridgeport, CT, as well as my experience in Washington, DC, how pervasive are the problems of equity skimming, bad appraisals, and over-renting?

Certainly, the figure 78 percent in overcharging for rents is a mind-boggling figure. We had——

Mr. ADAMS. We believe the excessive rent problem is rather common.

As I mention in my statement, I think there are several contributory factors to that. The computations tend to contribute to that and the fact there are no incentives for the PHA to be too concerned about the things.

Mr. MCKINNEY. Would you say that this is a problem in most major cities?

Mr. ADAMS. Work to date would indicate that.

Mr. MCKINNEY. It seems to me, Mr. Chairman, that there must be something systemically wrong with the way this program was set up or the way it is being administered if almost every city in this country is experiencing problems.

I would like to hear any comments you may have on this.

Mr. ADAMS. We will look at that.

Mr. MCKINNEY. Obviously we are doing something wrong. In DC, we are talking about $25 million in accounting problems probably.

Mr. ADAMS. You mentioned the appraisal process. We did quite a bit of research on the appraisal issue. I think that the appraisal itself only represents one facet of the problem, and probably a nominal facet at that.

We have researched our own archives, our record sytems to find out how many situations in which the appraisals were directly involved, and those numbers have been rather insignificant.

It is usually the situation in which an appraiser has been bought off, and so it is not necessarily a systems problem. It is the integrity of the individuals involved in the process.

Chairman GONZALEZ. Will my colleague yield?

Mr. MCKINNEY. I would be delighted.

Chairman GONZALEZ. In Milwaukee, as you know, this was the case. In the hearing itself, we had witnesses that testified to deals that were malodorous prima facie, on the very face of it.

You would have a property that was appraised in the first week of May and determined by HUD that that was an appraisal and sold for $26,500. Less than 1 month later, it was appraised at three times that amount.

Now, you know that cannot be explained away. That is darn right crookery. It is chicanery, it is thievery. But let me ask a question in connection with that. Was not, at one time, the appraisal, the basic appraisal, done in-house by HUD?

Mr. ADAMS. That is correct, sir.

Chairman GONZALEZ. And it is not the case now, though.

Mr. ADAMS. That is correct, sir.

Chairman GONZALEZ. I think if we were to draft that you would see the beginning of a scandalous course of conduct at the point that HUD decided to contract out. And this, I think, is the area that I wanted to really follow through, if we could legislatively, and wanted to hear some more testimony in that respect.

That is the reason——

Mr. MCKINNEY. That is what I mean by a systemic problem. Does HUD require appraisers be certified?

Mr. ADAMS. Certified, Mr. McKinney.

Mr. MCKINNEY. Yes.

Mr. ADAMS. They are; yes.

Mr. MCKINNEY. I have forgotten what they called themselves once. I know my house was done——

Mr. ADAMS. They must meet certain qualifications and be periodically reviewed.

Mr. MCKINNEY. We don't require the States have a licensing process for these guys do we?

Mr. ADAMS. No. It is a very fragmented proposition. There are numerous societies, associations, and there is a proliferation of those. They are not an amalgamation of anything.

Mr. MCKINNEY. Do you think we ought to have a licensing process?

Mr. ADAMS. I am not sure that would correct the problem or not if there is a problem there.

Mr. MCKINNEY. Do we allow outside appraisals, people from out of town? For example, I represent Fairfield County and nothing resembles reality in real estate prices there.

Mr. ADAMS. They should all be local. It is a rotational assignment they receive.

Mr. VENTO. Would the gentleman yield?

Mr. MCKINNEY. Yes.

Mr. VENTO. Isn't there a certification process for any of the appraisals done? Why does that not cure the problem? Certification with regard to the appraisals—isn't there a certification process that has to be upheld?

Why doesn't that solve the problem in terms of false appraisals?

Mr. ADAMS. They are subject to a 10-percent field review. The fee appraiser performs the appraisals, submits it to the Department, and that appraisal is subject to a 10-percent sampling of all the appraisal as a check.

Mr. VENTO. There is no certification process, in other words. They are talking about a review process. You are saying there isn't a certification process, but I thought there was.

Chairman GONZALEZ. You see, one thing that I think would prove there was no animosity on our part from the very beginning was one of your very first assistants who came from Colorado and was in the appraisal business soon after the new system was inaugurated—you had appraisers from Colorado, and, I believe, associated with that system, doing appraisals in the Dallas-Fort Worth area and also in Pittsburgh and also in one or two other States.

That didn't get exposed, because the man quit and because there was no follow through and because we were more interested in justifying the change in the time-honored appraisal processes that HUD had had all along.

And we didn't get that form, and I think this is where we ought to be concentrated.

Mr. MCKINNEY. That is why I keep coming to the systemic thing, because I am old enough to remember the Detroit scandals when HUD was doing the appraisals about 20 years ago.

There is something definitely wrong with the appraisal system and I would appreciate hearing any suggestions you gentlemen may have.

Mr. ADAMS. On the Detroit situation, I was around also at that time, and those were basically dishonest people that were being paid to provide dishonest appraisals.

Mr. MCKINNEY. I see what you mean by appraisal institutes. Here is a list of them. It is mind-boggling.

Chairman GONZALEZ. Shouldn't we have some system of backup, some, you know, some back up, checkup system?

Anyway, we will leave that to the future. We wish to recognize Mr. LaFalce at this time and also note for the record that Congressman Henry Nowak from the Buffalo area, who shares part of Buffalo in his jurisdiction with Mr. LaFalce, is here, and who has appealed to the subcommittee with respect to the mod-rehab situation in that part of New York.

Mr. LaFalce.

Mr. LAFALCE. Thank you very much, Mr. Chairman.

Mr. Adams, on page 9 of your statement, you say although the chairman of the subcommittee has asked about your efforts in reviewing HUD's distribution of section 8 rehabilitation funds, you have not audited or investigated that specific aspect of the program.

Rather, your efforts over the past 2 years were directed at the major problem common to almost all section 8 rehabilitation projects, that is, excessive rents.

Let me divide my line of questioning. First, with respect to excessive rents, it is obvious in looking over your testimony and in looking over your most recent IG report through the period of February 30, 1985, that the problem of excessive rents is a systemic problem existing throughout the entire United States.

As a matter of fact, you said perhaps 78 percent of the incidences examined you determined excessive rents. Is that correct?

Mr. ADAMS. Correct, sir.

Mr. LAFALCE. All right.

Have you investigated the question of excessive rents with respect to the Greater Buffalo area?

Mr. ADAMS. We are in the process of doing that at the present time.

Mr. LAFALCE. All right.

Do you have any conclusions or tentative conclusions that you could reveal to us with respect to the issue of excessive rents in the Buffalo area at this time?

Mr. ADAMS. No, sir, I haven't. I am not able to share those. It is part of an ongoing investigation in which we are cooperating with the FBI.

Mr. LAFALCE. With respect to excessive rents, you have stated that there appears to be no incentive to be careful about avoiding excessive rents. Could there be an incentive to extract excessive rents?

For example, could there be bonus arrangements that could be entered into whereby the salary of individuals or the bonus of individuals would be directly related to the total amount of income received through rents and, therefore, the more the rents, even though excessive, the more compensation an individual might receive?

Mr. ADAMS. I have never particularly thought about that approach. I would believe it would be a local option available, though.

Mr. LAFALCE. It might be a local option, but surely it would be an atrocious local option, wouldn't you say?

Mr. ADAMS. I would think so.

Mr. LAFALCE. Don't you think there should be some prohibition against that type of an arrangement? I would think at least by regulation.

Mr. ADAMS. I am not sure I followed your line of questioning.

Mr. LAFALCE. With respect to the UDAG Program, you have certain typical contracts that must be entered into, and there are certain prohibitions against certain types of fees that can be obtained under the UDAG Program.

Now, you ought to, it seems to me, trying to be developing along with the Office of the Secretary of HUD, some regulations which would create a disincentive for excessive rents, at the very least eliminate any incentive that might exist for excessive rents.

And I am suggesting that if there is a problem in the United States which would involve a contractual arrangement for compensation based upon total amount of income, then you would have a built-in incentive for developing an excessive rent structure.

Mr. ADAMS. I think your analysis is correct.

Mr. LAFALCE. I would ask you to investigate that not only locally, but nationally, as you continue your pursuits.

Now, the larger question is the review of HUD's distribution of funds. When did you first begin reviewing the Buffalo area programs?

Mr. Adams. I believe it was September of last year, sir.

Mr. LaFalce. Roughly September?

Mr. Adams. Yes.

Mr. LaFalce. Have you been reviewing the distribution of funds in the Buffalo area or is it only excessive rents or is it neither? Is it something else? What specifically have you been investigating that you can tell us at this time?

Mr. Adams. In sequence, we first approached the question of excessive rents and housing quality standards, and now we are proceeding to follow through on the distribution questions.

Mr. LaFalce. Is there anything you can tell us at this time regarding the distribution of funds?

Mr. Adams. No, sir, we are not far enough advanced.

Mr. LaFalce. With respect to the distribution of funds, then, since you can't tell us anything about the investigation in Buffalo, can you tell us whether your examination of existing law or existing regulations reveals any deficiencies in existing law or regulations?

Is there specificity regarding how funds should be distributed? Is there inadequate specificity?

Mr. Adams. There are very general guidelines on distribution, and we are trying to see what the effect of the generality of those are.

Mr. LaFalce. Have you investigated the issue of the distribution of funds in any other locality in the country other than in the Buffalo area, as you are now doing?

Mr. Adams. We have not, sir.

Mr. LaFalce. Has there been any previous request to do that?

Mr. Adams. Not to my knowledge, sir.

Mr. LaFalce. It is my understanding the Federal Bureau of Investigation has their own independent investigation taking place in the Buffalo area, although they might be working in concert with you.

What can you tell us about that?

Mr. Adams. It is a joint investigation between us and the Federal Bureau of Investigation. At the present time, we are providing substantial audit support in their ongoing investigation.

Mr. LaFalce. Can you tell me the nature of the FBI investigation? They—are they concerned with the distribution of funds, are they concerned with excessive rents, or are they concerned with both, neither, something else, something in addition to?

Mr. Adams. I don't think their investigation is in any way limited to any particular aspect. It is the general area of, did anything occur there that might have violated a Federal law.

Mr. LaFalace. Now, we received a letter from the Assistant Secretary of HUD responsible for such programs, dated January 30, 1986, Janet Hale, in which we were advised the Federal Bureau of Investigation and the HUD inspector general are no longer requesting that documents be withheld.

That is the local documents. We have subsequently been told by the FBI that the letter from the Assistant Secretary for Housing, Janet Hale, was incorrect, that the investigation has not been concluded, and that, therefore, the documents should continue to be withheld.

Now, what is your understanding of the situation?

Mr. ADAMS. That is correct, it was a misunderstanding.

Mr. LAFALCE. What is correct?

Mr. ADAMS. The investigation is ongoing and that the documents should be withheld at this point. Those documents, that was a misstatement in Miss Hale's letter—were actually subpoenaed by the Federal grand jury.

Mr. LAFALCE. Miss Hale's letter was incorrect to that extent, then?

Mr. ADAMS. That was only discovered yesterday by her staff.

Mr. LAFALCE. Well, when do you think that you will conclude your investigation, at least to the point where you would be able to make an interim report either to interested Members of Congress or to the public?

Mr. ADAMS. Hopefully, in the next 60 to 90 days, Mr. LaFalce.

Mr. LAFALCE. All right. I would hereby officially ask a briefing at the earliest date you are able to make such a briefing.

Mr. ADAMS. Will do.

Mr. LAFALCE. Thank you.

Thank you, Mr. Chairman. I would ask unanimous consent to submit additional written inquiries to the inspector general through the auspices of the subcommittee and obtain a written response.

Chairman GONZALEZ. Without objection, it is so ordered.

[The following questions from Mr. LaFalce and response with exhibits from Mr. Adams were subsequently received:]

WRITTEN QUESTIONS SUBMITTED BY CONGRESSMAN JOHN J. LaFALCE

TO HUD INSPECTOR GENERAL PAUL ADAMS

BEFORE A HEARING OF THE SUBCOMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

February 4, 1986

A. HUD-DC SELECTION PROCESS

1. Please provide a list of all projects which received Mod Rehab designation since the beginning of the program, a list of all projects which had been recommended to HUD for Mod Rehab by the Housing Council of the Niagara Frontier (HCNF), and a list of all applicants received by HCNF for consideration.

2. What was the process whereby HUD selects the units to receive allocation in the 1984 approval process? Explain specifically what happens after the public housing authority sends the applications to Washington, up until the time that announcements of approval are made.

3. How does HUD-DC decide which applications to approve? What criteria does HUD use to select the best applications from PHAs, for example, how did HUD decide to give 191 units to Buffalo in 1984?

4. Are the decisions made on the basis of the quality of each application? Are they based on the need of the community? Based on your own judgment? How do you assess each application? Do you have set critera which you use to determine which applications are approved? Are they based on any political considerations?

5. Please list how Mod Rehab units were allocated geographically by state, community, and project, in FY 84 and FY 85. Include the reasons why each project was selected.

6. Is this how allocations for every unit are determined? Isn't there a reserve fund from which the Secretary of HUD is able to allocate a number of units using his own discretion? What methodology is used to determine which units are allocated from this category? Is the same criteria used for all allocations of units?

7. Please provide a list of all allocations of units from the Secretary's reserve with an explanation as to why each was approved based on the criteria used by HUD.

8. What information does HUD have about each grantee who receives money from the Section 8 Mod Rehab program?

9. How does HUD insure that the Section 8 Mod Rehab program is being used to further the goals of the programs to help low-income individuals and families?

B. LOCAL SELECTION PROCESS

1. Is there any provision in the HUD regulations which provides guidance as to the selection criteria to be used by local PHAs?

2. Are PHA's required to consider the suitability of the premises for certain types of tenants, e.g. elevators for the elderly, larger areas for families with children?

3. Is there any monitoring process by HUD which insures that the Mod Rehab projects are not determined on the basis of political patronage, given the absence of clear guidelines by HUD?

4. Since the HUD regulations governing the Mod Rehab program dictate that the local PHAs are to determine which projects to approve and forward to HUD, explain how a developer can by-pass this and under what circumstances.

5. Do student tenants constitute families within the purview of the HUD Mod Rehab regulations?

C. HUD INSPECTOR GENERAL'S INVESTIGATION IN BUFFALO

1. Please provide a full report of the findings of the investigation which had been conducted concerning the Section 8 Mod Rehab program in Buffalo by the Inspector General.

2. If a full report is not available, please provide information as to the preliminary findings of the investigation.

A. HUD-DC SELECTION PROCESS

Question 1.

Please provide a list of all projects which received Mod Rehab designation since the beginning of the program, a list of all projects which had been recommended to HUD for Mod Rehab by the Housing Council of the Niagara Frontier (HCNF), and a list of all applicants received by HCNF for consideration.

Answer

Staff responsible for the Moderate Rehabilitation Program advised us and our past reviews of the program tend to confirm that neither HUD Headquarters nor the HUD Field Offices have records on the specific units selected by Public Housing Agencies (PHAs) for participation in the Section 8 Moderate Rehabilitation Program. The regulations delegate to PHAs maximum decisionmaking responsibilities, including the selection of the units to be rehabilitated under the Moderate Rehabilitation Program. PHAs do not need HUD approval prior to selecting specific projects. (See the answer to question B-1 for the HUD requirements concerning PHA project selection.)

Since HUD does not maintain lists indicating the names and addresses of specific buildings rehabilitated under the Moderate Rehabilitation Program, we cannot provide the project specific information you requested concerning HCNF and the program nationwide. We are attaching, however, a list obtained from the Office of Housing showing the PHAs which have received allocations of Section 8 Moderate Rehabilitation Program units from FY 1979 (the year of program inception) through FY 1985 (Exhibit 1) and a list of the funding actions to date during FY 1986 (Exhibit 2). Please note that the term project number on Exhibit I refers to estimated units for the PHA, and does not denote that a particular building/apartment complex is being funded. For example, a funding allocation for 100 units could be used for 50 scattered-site duplexes.

Question 2.

What was the process whereby HUD selects the units to receive allocation in the 1984 approval process? Explain specifically what happens after the public housing authority sends the applications to Washington, up until the time that announcements of approval are made.

Answer

Before responding to this and subsequent related questions concerning HUD selections, we must point out that PHAs, not HUD, review applications and select units. HUD's role was to allocate funds to PHAs.

Our limited review of the allocation process and discussions with individuals involved in the Program show that prior to Fiscal Year 1984, the Assistant Secretary for Policy Development and Research determined the relative need for low-income housing assistance in each HUD Field Office jurisdiction. HUD Headquarters then made "fair-share" allocations of Section 8 contract and budget authority to Regional Offices, pursuant to Section 213(d) of the Housing and Community Development Act of 1974, as amended. Headquarters was allowed to retain a portion of the contract and budget authority available for any fiscal year, not to exceed 15 percent of the total amount available for subsequent allocation to specific areas and communities (Section 213(d)(4)). These discretionary funds were used for special purposes such as unforseeable housing needs, settlement of litigation, and innovative housing programs to name a few. Regional Offices made "fair-share" sub-assignments to their Field Offices. The Field Offices in turn established an allocation plan.

PHAs submitted applications to HUD Field Offices in response to an invitation. In the event the available contract authority was not sufficient to fund all approvable applications, the Field Office would rank and fund the applications which had the best combination of certain characteristics as cited in Section 882.501 (See Exhibit 4).

The allocation process, however, changed in Fiscal Year 1984. The amount of funding for the MRP was reduced significantly. The 1984 appropriations bill (Exhibit 3) waived Section 213(d). In the absence of a statutory allocation requirement, the Department decided that the Assistant Secretary for Housing would decide, in a discretionary manner, the PHAs who would participate in the program and the size of their funding allocation. From our limited review we learned that, the Department did not establish specific criteria for selecting PHAs or for determining the size of the funding allocation. We concluded that HUD did not document their discretionary allocation decisions.

Question 3.

How does HUD-DC decide which applications to approve? What criteria does HUD use to select the best applications from PHAs, for example, how did HUD decide to give 191 units to Buffalo in 1984?

Answer

As noted in our response to Question 2, Headquarters allocated units to PHAs without reference to specific applications. We also noted that HUD did not document their decisions including the 191 units allocated to Buffalo in 1984.

Question 4.

Are the decisions made on the basis of the quality of each application? Are they based on the need of the community? Based on your own judgment? How do you assess each application? Do you have set criteria which you use to determine which applications are approved? Are they based on any political considerations?

Answer

As indicated in response to Question 2, we concluded that the Department did not have written criteria for allocating funds after Congress waived Section 213(d) for each fiscal year after 1983. The Department did not maintain documentation in support of their discretionary decisions.

Question 5.

Please list how Mod Rehab units were allocated geographically by state, community, and project, in FY 84 and FY 85. Include the reasons why each project was selected.

Answer

HUD Headquarters allocated funds not units in a discretionary manner due to the waiver of the "fair-share" process for allocation. The rationale for the distribution was not documented by HUD Headquarters. The PHA allocated the units to specific developers/owners based on the funding allocations from Headquarters. (See Exhibits 1 and 2). HUD maintains information on its funding allocations to PHAs, however, the PHA maintains the information on the developers/owners who received the units and the geographical locations of the units.

Question 6.

Is this how allocations for every unit are determined? Isn't there a reserve fund from which the Secretary of HUD is able to allocate a number of units using his own discretion? What methodology is used to determine which units are allocated from this category? Is the same criteria used for all allocations of units?

Answer

Prior to Fiscal 1984, the Secretary had the discretion of allocating funds for 15 percent of the MRP appropriation as set out in Section 213(d) of the Housing and Community Development Act of 1974, as subsequently amended. These discretionary funds were to be used for special purposes such as unforseeable housing needs, minority enterprises, settlement of litigation, small demonstration projects and innovative housing programs as examples.

Beginning with Fiscal 1984, however, the appropriations bill waived Section 213(d) and the Department considered all the MRP funds as discretionary.

Question 7.

Please provide a list of all allocations of units from the Secretary's reserve/with an explanation as to why each was approved based on the criteria used by HUD.

Answer

The Department allocates MRP funds to PHAs. Information is available on the amount of funds allocated to PHAs by Headquarters during Fiscal 1984 and 1985. Since the Department considered all funds discretionary the information would be identical to that provided in response to Question 5. (See Exhibits 1 and 2).

Question 8.

What information does HUD have about each grantee who receives money from the Section 8 Mod Rehab program?

Answer

The HUD Field Offices are quite knowledgeable with respect to the PHAs within their jurisdiction. Typically, a PHA administering a Section 8 Moderate Rehabilitation Program also has an inventory of public housing units, and administers the Section 8 Existing Housing Certificate Program. In addition to a Field Office's general knowledge of a PHA based on experiences with other assisted housing programs, the Section 8 Moderate Rehabilitation Program application requires the PHA to demonstrate they are capable of administering a rental subsidy program and have (or can obtain) rehabilitation expertise. Once an application has been approved, Field Office staff provide remote and on-site technical assistance and monitoring, and the PHA reports quarterly on rehabilitation progress. (See also the answer to question B-3.)

Question 9.

How does HUD insure that the Section 8 Mod Rehab Program is being used to further the goals of the programs to help low-income individuals and families?

Answer

In accordance with the statute, Section 8 rental subsidies can only be provided on behalf of eligible lower-income families. HUD monitors this aspect of program administration during the on-site PHA monitoring reviews. HUD Field Office staff actually review a sample of the tenant files to ensure that the families being assisted are eligible, the tenant payments and housing assistance payments are accurately calulated, the sources and amount of tenant income are adequately verified, etc.

B. LOCAL SELECTION PROCESS

Question 1.

Is there any provision in the HUD regulations which provides guidance as to the selection criteria to be used by local PHAs?

Answer

The project selection criteria to be used by PHAs is specifically set forth in Section 882.504(c) of the attached regulations (Exhibit 4). Other relevant Sections of the regulations include Sections 882.401, 882.404(b), 882.407, 882.503 and 882.504. The HUD requirements in this area include the following PHA actions.

- -- PHAs must issue a public notice concerning the availability of Moderate Rehabilitation funds and competitively select owner proposals in accordance with the HUD-approved selection preferences,
- -- PHAs must ensure that the property is eligible and requires at least $1,000 per unit of rehabilitation to correct substandard items,
- -- PHAs must ensure that the proposed sites meet site and neighborhood standards, and are within any designated eligible area(s) (entire jurisdiction or approved target area) and, if applicable, are consistent with the program goals stated in the PHA's approved application, and
- -- PHAs must ensure that the proposal is financially feasible and that the units requested in the proposal are within the number and size of units available to be assisted.

The local PHA selection preferences are delineated in the Administrative Plan which is a part of the PHA application process and is approved by the HUD Field Office. The Administrative Plan must address (1) the ranking procedures the PHA will follow in selecting proposals; (2) the rank order any preferences will have and how these preferences will be coordinated with the mandatory preference for the greatest dollar amount of rehabilitation per unit; (3) the method the PHA will use to make its selection procedures known to owners.

Question 2.

Are PHAs required to consider the suitability of the premises for certain types of tenants, e.g., elevators for the elderly, larger areas for families with children?

Answer

PHAs are required to consider the suitability of the premises for certain types of families. For example, Section 882.401(c)(5) of the Moderate Rehabilitation regulations prohibit the use of highrise elevator projects for families with children unless HUD determines there is no practical alternative. Other relevant regulatory requirements include: (1) single room occupancy housing is restricted to single individuals capable of independent living (Sections 882.402 and 882.404(c)); (2) Independent Group Residences are limited to groups of 2-12 elderly, handicapped or disabled individuals who are not capable of living completely independently and require a planned program of continual supportive services (Section 882.102); (3) adequate space and security must be provided and each unit must contain at least one bedroom or living/sleeping room for each two persons so that persons of the opposite sex, other than husband and wife or very young children, do not have to occupy the same bedroom or living/sleeping room (Section 882.109(c)), and (4) Moderate Rehabilitation projects are subject to the site and neighborhood standards as set forth in Sections 882.404(b) and 882.109(k). There is no federal requirement that multistoried elderly projects contain elevators; however, local codes may address this area.

Question 3.

Is there any monitoring process by HUD which insures that the Mod Rehab projects are not determined on the basis of political patronage, given the absence of clear guidelines by HUD?

Answer

As indicated in the answer to question B-1, there are HUD requirements concerning PHA project selections and HUD approves the PHA's Administrative and Equal Opportunity Housing Plans which, among other things, delineate the PHA's owner outreach activities and the specific PHA policies for receiving, ranking, and competitively selecting among owner applications. In addition, Field Offices are required to conduct periodic on-site monitoring reviews of a PHA's Moderate Rehabilitation Program. These reviews include a HUD analysis that the PHA is selecting owner proposals in accordance with the regulations and the selection criteria specified in the HUD-approved Administrative Plan. The initial on-site review is performed 6 months after execution of the ACC and the second review is performed 12 months after the initial review. After the initial and second reviews, subsequent on-site monitoring reviews are conducted every 2 years.

Question 4.

Since the HUD regulations governing the Mod Rehab Program dictate that the local PHAs are to determine which projects to approve and forward to HUD, explain how a developer can by-pass this and under what circumstances.

Answer

There is no requirement that a PHA receive HUD approval prior to the selection of a project, nor is there a procedure for direct HUD selection of projects. A developer must always submit an application to the PHA, and the PHA (not HUD) would have to provide a letter of project selection pursuant to Section 882.504(d).

Question 5.

Do student tenants constitute families within the purview of the HUD Mod Rehab regulations?

Answer

The attached Part 812 regulations (Exhibit 5) define the universe of families eligible for assistance under the Section 8 Moderate Rehabilitation Program along with the other subsidized housing programs authorized by the U.S. Housing Act of 1937. Please note that there are limitations on assisting income-eligible single persons (persons who will live alone) who are not elderly, handicapped, displaced, or a remaining member of a tenant family. Further, there are prohibitions on providing subsidies with respect to nonimmigrant student aliens. The HUD regulations do not prescribe a mandatory definition of "family" for purposes of determining the eligibility of households consisting of more than one individual. PHAs have latitude in establishing a local definition for "family" and such definition is generally based on local customs and practices.

C. HUD INSPECTOR GENERAL'S INVESTIGATION IN BUFFALO

Question 1.

Please provide a full report of the findings of the investigation which had been conducted concerning the Section 8 Mod Rehab program in Buffalo by the Inspector General.

Answer

We are presently working on the investigation of the Section 8 Moderate Rehabilitation program with the Federal Bureau of Investigation (FBI). Because the investigation is still pending, we are not able to provide a report of the findings of the investigation.

Question 2.

If a full report is not available, please provide information as to the preliminary findings of the investigation.

Answer

A criminal complaint was filed in the U.S. District Court, Western District of New York, Buffalo, New York, against Anthony Fiorella, former Inspector, the Housing Council of the Niagara Frontier, Inc. (HCNF), Buffalo, on February 6, 1986. The complaint charged Mr. Fiorella with one count of conspiracy by causing false statements in the form of false, fictitious, and fraudulent claims to be made to the Housing Council. The complaint further charged that Mr. Fiorella falsely certified that rehabilitation work had been completed on three properties when the work, in fact, had not been finished. The investigation is continuing.

In addition to the noted investigation, we are also in the final stages of an audit of the HCNF Mod Rehab Program. We expect to issue our report in late April 1986.

EXHIBIT 1

SECTION 8
CUMULATIVE MOD-REHAB. RESERVED PROJECTS BY PHA

AS OF 09/30/85

REGION	FIELD OFFICE NAME	PHA NUMBER	PHA NAME	PROJECT NUMBER	TOTAL UNITS	RESERV. DATE	ACC EXEC. DATE
GRAND TOTAL				1,484	94,015		

SECTION 8
CUMULATIVE MOD-REHAB. RESERVED PROJECTS BY PHA

AS OF 09/30/85

REGION	FIELD OFFICE NAME	PHA NUMBER	PHA NAME	PROJECT NUMBER	TOTAL UNITS	RESERV. DATE	ACC EXEC. DATE
1	CONN HARTFORD	CT001	BRIDGEPORT HA	CT26K001001	100	09/06/79	04/14/80
		CT001	BRIDGEPORT HA	CT26K001002	100	09/25/80	12/11/80
		CT001	BRIDGEPORT HA	CT26K001004	136	09/24/81	04/26/82
		CT001	BRIDGEPORT	CT26K001007	22	09/26/84	04/22/85
		CT001	BRIDGEPORT HA	CT26K001008	94	07/24/85	
		CT002	NORWALK HA	CT26K002001	13	09/06/79	06/30/80
		CT002	NORWALK HA	CT26K002002	10	04/27/81	07/08/82
		CT002	NORWALK HA	CT26K002003	158	09/24/82	03/25/83
		CT004	NEW HAVEN HA	CT26K004001	90	09/06/79	04/30/80
		CT004	NEW HAVEN HA	CT26K004003	38	04/27/81	02/05/82
		CT004	NEW HAVEN HA	CT26K004005	36	09/19/83	02/17/84
		CT005	NEW BRITAIN HA	CT26K005001	22	09/06/79	06/30/80
		CT005	NEW BRITAIN HA	CT26K005002	48	03/03/80	09/18/80
		CT005	NEW BRITAIN HA	CT26K005003	50	04/27/81	10/23/81
		00006	WATERBURY HA	CT26K006001	139	09/06/79	06/27/80
		00008	WATERBURY HA	CT26K006002	30	02/15/80	09/24/80
		CT006	WATERBURY HA	CT26K006003	73	04/27/81	08/19/81
		CT006	WATERBURY HA	CT26K006005	50	08/01/83	01/16/84
		CT007	STAMFORD HA	CT26K007001	32	09/12/79	06/27/80
		CT007	STAMFORD HA	CT26K007002	27	04/03/80	04/24/81
		CT007	STAMFORD HA	CT26K007003	15	04/27/81	09/02/81
		CT008	ENFIELD HA	CT26K008002	6	02/15/80	08/18/80
		CT009	MIDDLETOWN HA	CT26K009002	20	04/27/81	08/26/81
		CT011	MERIDEN HA	CT26K011001	20	04/27/81	12/15/81
		CT026	MANCHESTER HA	CT26K026001	0	04/27/81	04/02/82
		CT028	VERNON HA	CT26K028001	17	02/15/80	
		CT031	TORRINGTON HA	CT26K031001	20	04/27/81	09/10/81
		CT042	HAMDEN HA	CT26K042001	19	02/19/80	07/10/80
		CT045	CONNECTICUT DOH	CT26K045001	50	09/12/79	04/10/80
		CT045	CONNECTICUT DOH	CT26K045002	111	09/06/79	04/10/80
		CT045	CONNECTICUT DOH	CT26K045003	90	02/19/80	08/28/80
		CT045	CONNECTICUT DOH	CT26K045005	68	09/30/82	08/05/83
		CT047	NAUGATUCK HA	CT26K047001	15	04/27/81	07/24/81
		CT049	NEWINGTON HA	CT26K049001	10	04/27/81	10/08/81
		CT003	CITY OF HARTFORD	CT26K051001	105	09/06/79	06/30/80
		CT051	CITY OF HARTFORD	CT26K051002	324	03/03/80	06/30/80
		CT051	CITY OF HARTFORD	CT26K051004	45	04/27/81	08/24/81
		CT051	CITY OF HARTFORD	CT26K051005	27	09/21/81	07/02/82
		CT051	CITY OF HARTFORD	CT26K051006	30	09/29/82	08/11/83
		CT051	CITY OF HARTFORD	CT26K051007	40	09/19/83	01/10/84
		CT051	CITY OF HARTFORD	CT26K051008	62	06/17/85	
		CT058	PLAINFIELD HA	CT26K058001	27	04/03/80	10/22/80

DHUD/HISD
SPECIAL REQUEST #402-4021A
PREPARED 10/29/85

SECTION 8
CUMULATIVE MOD-REHAB. RESERVED PROJECTS BY PHA

AS OF 09/30/85

REGION	FIELD OFFICE NAME	PHA NUMBER	PHA NAME	PROJECT NUMBER	TOTAL UNITS	RESERV. DATE	ACC EXEC. DATE
		CT061	KILLINGLY HA	CT26K061001	40	04/27/81	10/30/81
	TOTAL			43	2,429		
	MASS BOSTON	MA001	LOWELL HA	MA06K001002	46	03/03/81	07/28/81
		MA001	LOWELL HA	MA06K001003	50	09/21/82	04/12/83
		MA002	BOSTON HA	MA06K002002	90	06/27/80	09/30/80
		MA002	BOSTON HA	MA06K002003	366	03/03/81	12/28/81
		MA002	BOSTON HA	MA06K002005	60	09/23/81	08/17/83
		MA002	BOSTON HA	MA06K002009	100	12/12/84	03/13/85
		MA003	CAMBRIDGE HA	MA06K003001	33	09/13/79	03/10/80
		MA003	CAMBRIDGE HA	MA06K003002	75	07/18/83	10/03/84
		MA012	WORCESTER HA	MA06K012001	50	09/13/79	01/28/80
		MA012	WORCESTER HA	MA06K012002	50	06/27/80	12/17/80
		MA012	WORCESTER HA	MA06K012003	50	03/03/81	01/22/82
		MA012	WORCESTER HA	MA06K012004	50	09/21/82	07/29/83
		MA013	WALTHAM HA	MA06K013002	0	06/27/80	09/22/80
		MA015	MEDFORD HA	MA06K015001	0	09/13/79	01/31/80
		MA016	CHELSEA HA	MA06K016001	26	09/13/79	03/20/80
		MA016	CHELSEA HA	MA06K016002	50	03/03/81	03/11/82
		MA023	LYNN HA	MA06K023001	153	09/30/83	10/17/84
		MA024	BROCKTON HA	MA06K024001	17	03/03/81	11/09/81
		MA025	GLOUCESTER HA	MA06K025001	54	09/19/79	02/29/80
		MA025	GLOUCESTER HA	MA06K025002	24	07/24/80	11/26/80
		MA028	FRAMINGHAM HA	MA06K028001	0	09/13/79	02/26/80
		MA028	FRAMINGHAM HA	MA06K028002	0	06/27/80	09/23/80
		MA033	BROOKLINE HA	MA06K033001	50	09/13/79	04/29/80
		MA052	MASSACHUSETTS DCA	MA06K052001	534	09/14/79	02/29/80
		MA052	MASSACHUSETTS DCA	MA06K052002	166	09/18/79	02/29/80
		MA052	MASSACHUSETTS DCA	MA06K052003	23	07/24/80	01/07/81
		MA052	MASSACHUSETTS DCA	MA06K052004	514	06/27/80	01/07/81
		MA052	MASSACHUSETTS EOCD	MA06K052005	308	03/03/81	07/28/81
		MA052	MASSACHUSETTS EOCD	MA06K052006	29	03/03/81	07/28/81
		MA052	MASSACHUSETTS DCA	MA06K052007	48	09/23/81	01/22/82
		MA052	MASSACHUSETTS EOCD	MA06K052008	56	09/21/82	03/24/83
		MA052	MASSACHUSETTS EOCD	MA06K052009	26	09/21/82	03/24/83
		MA052	SPRINFFIELD HA	MA06K052010	40	09/21/82	03/24/83
		MA052	MASSACHUSETTS EOCD	MA06K052011	20	09/24/82	03/24/83
		MA052	MASSACHUSETTS MFA	MA06K052012	23	09/24/82	03/24/83
		MA052	MASSACHUSETTS EOCD	MA06K052013	219	08/12/83	01/06/84
		MA052	MASSACHUSETTS EOCD	MA06K052015	141	09/30/83	04/27/84

DHUD/HISD
SPECIAL REQUEST #402-4021A
PREPARED 10/29/85

SECTION 8
CUMULATIVE MOD-REHAB. RESERVED PROJECTS BY PHA

AS OF 09/30/85

REGION	FIELD OFFICE NAME	PHA NUMBER	PHA NAME	PROJECT NUMBER	TOTAL UNITS	RESERV. DATE	ACC EXEC. DATE
		MA052	MASSACHUSETTS EOCD	MA06K052018	123	09/28/84	04/03/85
		MA052	MASSACHUSETTS EOCD	MA06K052019	38	03/20/85	06/20/85
		MA052	MASSACHUSETTS EOCD	MA06K052020	95	05/01/85	07/26/85
		MA052	MASSACHUSETTS EOCD	MA06K052021	150	08/08/85	
		MA055	SALEM HA	MA06K055001	48	09/13/79	03/04/80
		MA055	SALEM HA	MA06K055002	17	04/10/81	09/16/81
		MA063	MELROSE HA	MA06K063001	19	09/13/79	01/31/80
		MA063	MELROSE HA	MA06K063002	0	06/27/80	10/27/81
		MA069	MILFORD HA	MA06K069001	19	03/03/81	10/27/81
		MA087	HAVERHILL HA	MA06K087001	5	09/13/79	04/23/80
		MA093	WATERTOWN HA	MA06K093001	0	09/13/79	01/31/80
		MA093	WATERTOWN HA	MA06K093002	7	06/27/80	09/26/80
TOTAL				49	4,062		
NH	MANCHESTER	ME002	FT FAIRFIELD HA	ME36K002001	10	04/30/80	01/30/81
		ME003	PORTLAND HA	ME36K003001	83	09/10/79	12/31/79
		ME003	PORTLAND HA	ME36K003002	100	09/16/80	03/04/81
		ME003	PORTLAND HA	ME36K003003	18	09/27/82	03/18/83
		ME003	PORTLAND HA	ME36K003004	45	08/29/83	11/22/83
		ME005	LEWISTON HA	ME36K005001	64	09/10/79	03/12/80
		ME005	LEWISTON HA	ME36K005002	89	09/23/80	02/24/81
		ME005	LEWISTON HA	ME36K005003	9	05/06/81	07/15/81
		ME005	LEWISTON HA	ME36K005004	13	09/27/82	01/18/83
		ME005	LEWISTON HA	ME36K005005	160	09/26/83	03/22/84
		ME006	BRUNSWICK HA	ME36K006001	36	04/30/80	06/20/80
		ME006	BRUNSWICK HA	ME36K006002	16	09/17/81	01/20/82
		ME006	BRUNSWICK HA	ME36K006003	12	09/27/82	02/18/83
		ME007	AUBURN HA	ME36K007001	42	09/10/79	03/20/80
		ME007	AUBURN HA	ME36K007002	25	09/16/80	01/09/81
		ME009	BANGOR HA	ME36K009001	61	04/30/80	08/08/80
		ME009	BANGOR HA	ME36K009002	25	05/06/81	11/17/81
		ME015	WESTBROOK HA	ME36K015002	50	09/16/80	03/09/81
		ME015	WESTBROOK HA	ME36K015004	28	09/26/83	01/10/84
		ME017	MAINE STATE HA	ME36K017001	87	04/30/80	01/06/81
		ME017	MAINE STATE HA	ME36K017002	37	04/30/80	
		ME017	MAINE STATE HA	ME36K017003	238	08/31/81	02/18/82
		ME017	MAINE STATE HA	ME36K017004	11	09/27/82	01/17/83
		ME017	MAINE STATE HA	ME36K017005	13	09/26/83	01/27/84
		ME017	MAINE STATE HA	ME36K017006	24	07/29/83	01/27/84
		ME018	OLD TOWN HA	ME36K018001	5	05/06/81	12/23/81

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		ME030	AUGUSTA HA	ME36K030001	25	05/06/81	03/03/82
		NH001	MANCHESTER HA	NH36K001001	45	09/10/79	12/31/79
		NH001	MANCHESTER HA	NH36K001002	0	09/24/81	01/27/82
		NH002	NASHUA HA	NH36K002001	21	09/12/79	06/20/80
		NH003	DOVER HA	NH36K003001	20	04/30/80	11/17/80
		NH005	CONCORD HA	NH36K005002	0	04/30/80	02/02/81
		NH010	KEENE HA	NH36K010001	6	09/23/80	04/29/81
		NH011	BERLIN HA	NH36K011001	47	09/10/79	04/18/80
		NH011	BERLIN HA	NH36K011002	10	07/29/83	12/19/83
		NH012	CLAREMONT HA	NH36K012002	13	05/06/81	01/12/82
		NH012	CLAREMONT HA	NH36K012003	10	09/26/83	05/02/84
		NH019	NEW HAMPSHIRE HC	NH36K019002	18	09/10/79	03/13/80
		NH019	NEW HAMPSHIRE HC	NH36K019003	28	09/16/80	12/10/80
		NH019	NEW HAMPSHIRE HC	NH36K019004	12	05/06/81	12/15/81
		NH019	NEW HAMPSHIRE HC	NH36K019006	15	05/06/81	12/15/81
		NH019	NEW HAMPSHIRE HC	NH36K019007	10	05/06/81	12/15/81
		NH019	NEW HAMPSHIRE HFA	NH36K019008	12	09/27/82	03/08/83
		NH019	NEW HAMPSHIRE HFA	NH36K019009	25	09/29/83	
		VT001	BURLINGTON HA	VT36K001001	0	09/10/79	11/05/80
		VT006	WINOOSKI HA	VT36K006001	4	09/10/79	05/07/80
		VT006	WINOOSKI HA	VT36K006002	15	04/30/80	08/27/80
		VT007	VERMONT STATE HA	VT36K007002	28	05/06/81	12/15/81
		VT007	VERMONT STATE HA	VT36K007003	10	09/27/82	03/17/83
		VT007	VERMONT STATE HA	VT36K007004	7	09/26/83	01/09/84
		VT007	VERMONT STATE HA	VT36K007005	25	07/29/83	01/09/84
		VT008	MONTPELIER HA	VT36K008001	16	04/30/80	07/23/80
		VT011	ST ALBANS HA	VT36K011001	17	05/06/81	12/23/81
		VT012	BARRE C D AGENCY	VT36K012001	12	09/24/81	03/24/82
	TOTAL			54	1,761		
RI	PROVIDENCE	RI001	PROVIDENCE HA	RI43M001002	38	09/26/80	03/02/81
		RI001	PROVIDENCE HA	RI43M001003	62	03/06/81	04/24/81
		RI002	PAWTUCKET HA	RI43M002001	35	08/31/79	07/25/80
		RI003	WOONSOCKET HA	RI43M003002	37	05/29/80	02/25/81
		RI004	CENTRAL FALLS HA	RI43M004001	27	08/31/79	02/27/80
		RI004	CENTRAL FALLS HA	RI43M004002	14	05/29/80	12/01/80
		RI004	CENTRAL FALLS HA	RI43M004003	23	03/06/81	05/05/81
		RI004	CENTRAL FALLS HA	RI43M004004	28	09/17/82	01/25/83
		RI006	CRANSTON HA	RI43M006002	20	05/29/80	01/21/81
		RI010	CUMBERLAND HA	RI43M010001	45	09/17/82	05/02/83

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		RI011	WARWICK HA	RI43K011001	8	08/31/79	03/17/80
		RI011	WARWICK HA	RI43K011002	3	05/29/80	12/15/80
		RI015	WEST WARWICK HA	RI43K015001	6	05/29/80	01/26/81
		RI022	WARREN HA	RI43K022001	10	08/31/79	03/17/80
		RI022	WARREN HA	RI43K022002	7	05/29/80	12/29/80
		RI024	EAST GREENWICH HA	RI43K024001	29	08/31/79	02/25/80
		RI024	EAST GREENWICH HA	RI43K024002	15	03/06/81	07/09/81
		RI025	RHODE ISLAND DCA	RI43K025001	0	08/31/79	02/27/80
		RI025	RHODE ISLAND DCA	RI43K025002	3	08/31/79	02/27/80
		RI025	RHODE ISLAND DCA	RI43K025003	1	03/06/81	06/29/81
	TOTAL			20	403		
TOTAL				166	8,655		
2	NJ NEWARK	NJ003	ELIZABETH HA	NJ39K003001	5	09/29/79	05/30/80
		NJ003	ELIZABETH HA	NJ39K003002	34	06/24/80	10/31/80
		NJ005	JERSEY CITY REDEVELOPMENT	NJ39K005001	130	09/29/79	08/28/80
		NJ005	JERSEY CITY REDEVELOPMENT	NJ39K005002	54	04/30/81	
		NJ007	ASBURY PARK HA	NJ39K007001	75	09/30/79	05/30/80
		NJ008	LONG BRANCH HA	NJ39K008001	85	09/30/79	08/28/80
		NJ008	LONG BRANCH HA	NJ39K008002	22	06/25/80	08/28/80
		NJ013	PASSAIC HA	NJ39K013001	64	09/30/79	05/22/80
		NJ013	PASSAIC HA	NJ39K013002	40	06/24/80	09/30/80
		NJ013	PASSAIC HA	NJ39K013004	19	09/29/82	12/30/82
		NJ015	HOBOKEN HA	NJ39K015001	22	09/29/79	08/01/80
		NJ022	NEW BRUNSWICK HA	NJ39K022001	3	06/25/80	10/02/80
		NJ022	NEW BRUNSWICK HA	NJ39K022002	25	04/30/81	10/30/81
		NJ023	MORRISTOWN HA	NJ39K023001	30	09/30/79	06/04/80
		NJ039	PLAINFIELD HA	NJ39K039001	50	09/29/79	08/28/80
		NJ039	PLAINFIELD HA	NJ39K039002	40	06/24/80	12/02/80
		NJ054	LAKEWOOD TWP HA	NJ39K054001	75	08/30/83	06/01/84
		NJ058	SALEM HA	NJ39K058001	10	09/30/79	08/28/80
		NJ067	BERGEN CO HA	NJ39K067001	61	06/24/80	10/31/80
		NJ077	WEEHAWKEN HA	NJ39K077001	35	06/26/81	
		NJ085	NEW JERSEY HFA	NJ39K085001	408	09/30/83	
		NJ085	NEW JERSEY HFA	NJ39K085002	270	09/28/84	03/05/85
		NJ087	NJDCA METRO	NJ39K087001	615	09/30/79	07/01/80
		NJ087	NJDCA NON METRO	NJ39K087002	45	09/30/79	07/01/80
		NJ087	NJDCA METRO	NJ39K087003	87	09/30/80	01/30/81
		NJ087	NJDCA METRO	NJ39K087005	82	04/30/81	10/01/81
		NJ087	NJDCA NEWARK	NJ39K087007	38	09/29/82	12/30/82

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		NJ087	NJDCA	NJ39K087008	50	08/30/83	03/01/84
		NJ089	CLIFTON HA	NJ39K089002	27	04/30/81	10/01/81
		NJ092	MORRIS CO HA	NJ39K092001	85	09/30/79	05/30/80
		NJ095	MONMOUTH CO WELFARE BOARD	NJ39K095001	12	09/30/79	05/30/80
		NJ095	MONMOUTH CO WELFARE BOARD	NJ39K095002	30	06/25/80	10/02/80
		NJ097	SOMERVILLE HA	NJ39K097001	29	04/30/81	
		NJ102	WARREN CO HA	NJ39K102001	80	09/29/79	08/26/80
		NJ102	WARREN CO HA	NJ39K102002	36	09/29/82	12/30/82
		NJ114	MIDDLESEX CO HA	NJ39K114002	77	06/24/80	10/02/80
		NJ204	GLOUCESTER CO HA	NJ39K204001	84	09/30/79	04/01/80
		NJ204	GLOUCESTER CO HA	NJ39K204002	56	06/23/80	09/29/80
		NJ204	GLOUCESTER CO HA	NJ39K204004	36	09/29/82	12/22/82
		NJ204	GLOUCESTER CO HA	NJ39K204005	51	08/30/83	12/01/83
		NJ212	HAMILTON TWP HA	NJ39K212001	25	09/30/79	04/01/81
		NJ214	LAKEWOOD HSG ASST PROG	NJ39K214001	65	09/29/79	05/01/80
		NJ214	LAKEWOOD HSG ASST PROG	NJ39K214003	20	09/29/82	12/17/82
		NJ215	BURLINGTON CO PHA	NJ39K215001	50	06/25/80	12/31/80
	TOTAL			44	3,240		
	NY BUFFALO	NY001	SYRACUSE HA	NY06K001001	55	09/14/79	05/30/80
		NY001	SYRACUSE HA	NY06K001002	4	03/05/81	07/31/81
		NY001	SYRACUSE HA	NY06K001003	25	08/30/83	01/17/84
		NY006	UTICA HA	NY06K006001	90	09/06/79	09/29/80
		NY009	ALBANY HA	NY06K009001	41	09/19/79	01/17/80
		NY009	ALBANY HA	NY06K009002	33	04/01/80	02/26/81
		NY012	TROY HA	NY06K012001	90	09/17/79	05/18/80
		NY015	MECHANICVILLE HA	NY06K015002	9	04/01/80	02/26/81
		NY016	BINGHAMTON CITY	NY06K016001	40	09/18/79	11/19/79
		NY016	BINGHAMTON CITY	NY06K016002	40	04/01/80	11/28/80
		NY022	COHOES CITY	NY06K022001	40	09/17/79	01/02/80
		NY022	COHOES CITY	NY06K022002	16	04/01/80	07/31/80
		NY022	COHOES CITY	NY06K022003	14	06/25/80	08/29/80
		NY028	SCHENECTADY HA	NY06K028002	50	04/01/80	02/26/81
		NY028	SCHENECTADY HA	NY06K028003	6	05/27/81	03/01/82
		NY028	SCHENECTADY HA	NY06K028004	14	09/27/82	01/27/83
		NY041	ROCHESTER HA	NY06K041001	80	08/27/79	04/24/80
		NY041	ROCHESTER HA	NY06K041002	109	04/29/80	07/31/80
		NY041	ROCHESTER HA	NY06K041003	75	06/25/80	10/31/80
		NY041	ROCHESTER HA	NY06K041004	88	03/05/81	06/05/81
		NY041	ROCHESTER HA	NY06K041005	45	09/17/81	12/17/81

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		NY041	ROCHESTER HA	NY06K041006	35	09/27/82	12/30/82
		NY048	GLOVERSVILLE HA	NY06K048001	25	09/06/79	12/02/80
		NY059	ILION HA	NY06K059001	20	09/14/79	
		NY060	AMSTERDAM HA	NY06K060001	65	09/17/79	11/19/80
		NY061	HUDSON CITY	NY06K061001	6	09/06/79	05/30/80
		NY070	LOCKPORT HA	NY06K070002	50	03/05/81	08/31/81
		NY079	GLENS FALLS HA	NY06K079001	29	03/05/81	03/05/81
		NY091	ERIE CO PHA	NY06K091001	146	09/17/79	03/18/80
		NY091	ERIE CO PHA	NY06K091002	176	04/01/80	10/01/80
		NY091	ERIE CO PHA	NY06K091003	102	06/25/80	
		NY091	ERIE CO PHA	NY06K091004	115	03/05/81	06/22/81
		NY091	ERIE CO PHA	NY06K091005	40	09/27/82	03/01/83
		NY102	ONEIDA HA	NY06K102001	30	04/01/80	10/01/80
		NY107	N SYRACUSE HA	NY06K107001	22	09/14/79	04/30/80
		NY108	CHAUTAUQUA CO-NYS	NY06K108001	48	09/14/79	06/24/80
		NY108	LIVINGSTON-ONTARIO-NYS	NY06K108002	25	09/11/79	08/28/80
		NY108	FRANK-CLIN-ESSX CO-NYS	NY06K108003	94	09/10/79	07/25/80
		NY108	ST LAW-JEFFERSON CO-NYS	NY06K108004	60	08/27/79	05/29/80
		NY108	CAYUGA CO-NYS	NY06K108005	40	04/01/80	10/01/80
		NY108	CHEMUNG CO-NYS	NY06K108006	50	04/21/80	10/31/80
		NY108	LEWIS CO-NYS	NY06K108007	14	04/01/80	07/23/80
		NY108	TIOGA CO-NYS	NY06K108008	25	04/01/80	08/28/80
		NY108	CAYUGA CO-NYS	NY06K108031	40	03/05/81	09/25/81
		NY108	CAYUGA CO-NYS	NY06K108032	26	08/30/83	03/01/84
		NY108	CLINTON CO-NYS	NY06K108112	12	08/30/83	03/01/84
		NY108	ESSEX CO-NYS	NY06K108172	12	08/30/83	03/01/84
		NY108	FRANKLIN CO-NYS	NY06K108192	12	08/30/83	03/01/84
		NY108	CHAUTAUQUA CO-NYS	NY06K108251	21	03/05/81	09/25/81
		NY108	CHAUTAUQUA CO-NYS	NY06K108252	19	08/30/83	03/01/84
		NY108	LIVINGSTON CO-NYS	NY06K108311	49	03/05/81	09/30/81
		NY108	ORLEANS CO-NYS	NY06K108370	48	03/05/81	09/30/81
		NY108	OSWEGO CO-NYS	NY06K108390	18	03/05/81	09/25/81
		NY108	TOMPKINS CO-NYS	NY06K108510	18	03/05/81	09/25/81
		NY108	YATES CO-NYS	NY06K108550	64	01/29/81	06/01/81
		NY108	ERIE CO-NYS	NY06K108730	316	09/10/85	
		NY404	NIAGARA FALLS CITY	NY06K404002	59	04/01/80	07/01/80
		NY404	NIAGARA FALLS CITY	NY06K404004	20	09/27/82	12/27/82
		NY404	NIAGARA FAL[illegible]TY	NY06K404005	30	04/01/85	07/31/81
		NY405	NORTH TONAWA[illegible] CITY	NY06K405001	30	03/05/81	07/01/81
		NY405	NORTH TONAWANDA CITY	NY06K405003	12	08/30/83	01/31/84
		NY408	COLONIE TN	NY06K408002	20	04/01/80	10/01/80

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		NY409	BUFFALO CITY	NYO6K409001	131	08/27/79	04/01/80
		NY409	BUFFALO CITY	NYO6K409003	95	05/28/80	11/28/80
		NY409	BUFFALO CITY	NYO6K409005	33	09/17/81	03/12/82
		NY409	BUFFALO CITY	NYO6K409006	81	09/27/82	02/01/83
		NY409	BUFFALO CITY	NYO6K409007	197	07/20/84	09/30/81
		NY411	BATAVIA CITY	NYO6K411001	14	06/08/80	02/25/81
		NY505	UNION TN	NYO6K505001	21	09/04/79	05/30/80
		NY512	SCOTIA VIL	NYO6K512001	9	03/05/81	07/01/81
		NY512	SCOTIA VIL	NYO6K512002	10	08/30/83	04/30/84
		NY521	CANASTOTA HA	NYO6K521001	31	04/01/80	08/28/80
		NY521	CANASTOTA HA	NYO6K521003	12	08/30/83	03/28/84
		NY527	MANLIUS VIL	NYO6K527002	3	04/01/80	09/23/80
		NY527	MANLIUS VIL	NYO6K527003	11	03/05/81	07/21/81
		NY527	MANLIUS VIL	NYO6K527004	8	09/30/83	06/01/84
		NY530	FORT PLAIN VIL	NYO6K530001	25	09/17/79	01/02/80
		NY530	FORT PLAIN VIL	NYO6K530003	10	08/30/83	04/30/84
		NY530	FORT PLAIN VIL	NYO6K530004	14	07/08/85	
		NY532	COBLESKILL VIL	NYO6K532001	19	03/05/81	07/01/81
		NY538	CORINTH VIL	NYO6K538003	10	03/05/81	07/01/81
		NY541	WALTON VIL	NYO6K541001	53	08/27/79	11/15/79
		NY561	STILLWATER TN	NYO6K561001	15	09/17/79	02/13/80
		NY561	STILLWATER TN	NYO6K561003	12	09/27/82	01/27/83
		NY562	BALLSTON SPA VIL	NYO6K562001	15	09/17/79	12/28/79
		NY562	BALLSTON SPA VIL	NYO6K562002	10	03/05/81	07/01/81
		NY562	BALLSTON SPA VIL	NYO6K562003	25	09/27/82	01/28/83
		NY630	WATERFORD VIL	NYO6K630001	10	04/07/81	07/01/81
		NY630	WATERFORD VIL	NYO6K630002	10	08/30/83	04/30/84
	TOTAL			89	3,891		
NY	NEW YORK			NY36E000012	32	08/25/83	
		NYO08	TUCKAHOE HA	NY36K008001	15	09/10/80	09/22/81
		NYO35	HUNTINGTON TOWN HA	NY36K035001	22	09/19/79	09/19/80
		NYO35	HUNTINGTON TOWN HA	NY36K035002	12	09/10/80	08/17/81
		NYO49	BEACON HA	NY36K049001	25	09/09/81	06/18/82
		NYO49	BEACON HA	NY36K049002	19	08/31/83	05/01/84
		NYO51	NEWBURGH HA	NY36K051001	2	09/19/80	07/16/81
		NYO77	ISLIP TOWN HA	NY36K077001	10	09/19/79	08/01/81
		NYO77	ISLIP TOWN HA	NY36K077002	0	09/10/80	06/03/81
		NYO77	ISLIP TOWN HA	NY36K077003	18	08/27/81	07/22/82
		NYO77	ISLIP TOWN HA	NY36K077004	38	08/31/83	03/07/84

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		NY092	YONKERS UR	NY36K092002	0	08/31/83	
		NY101	MAMARONECK HA	NY36K101001	23	09/19/79	02/28/81
		NY108	NYSDHCR	NY36K108001	15	09/17/79	
		NY108	NYSHFA	NY36K108002	185	09/25/79	03/01/81
		NY108	NYSHFA	NY36K108003	104	09/10/80	03/31/81
		NY108	NYSHFA	NY36K108004	60	09/09/81	06/30/82
		NY108	NYSHFA	NY36K108005	87	09/30/82	06/01/83
		NY108	NYSHFA	NY36K108006	45	09/29/82	06/01/83
		NY108	NYSHFA	NY36K108008	105	08/31/83	06/01/84
		NY110	NYCDHPD	NY36K110001	3,869	09/20/79	05/12/80
		NY110	NYCDHPD	NY36K110002	1,386	09/18/81	04/05/82
		NY110	NYCDHPD	NY36K110003	161	08/31/83	04/01/84
		NY113	NEW ROCHELLE CITY	NY36K113001	55	09/20/79	10/01/80
		NY113	NEW ROCHELLE CITY	NY36K113002	60	09/10/80	10/01/81
		NY113	NEW ROCHELLE CITY	NY36K113003	65	09/09/81	03/04/82
		NY113	NEW ROCHELLE CITY	NY36K113004	20	09/28/82	06/01/83
		NY113	NEW ROCHELLE CITY	NY36K113005	37	08/31/83	09/01/84
		NY118	PORT CHESTER CD	NY36K118001	30	09/18/79	06/16/80
		NY118	PORT CHESTER CD	NY36K118002	19	09/10/80	03/20/81
		NY118	PORT CHESTER CD	NY36K118003	80	08/24/81	
		NY118	PORT CHESTER CD	NY36K118004	20	09/28/82	08/01/83
		NY123	PEEKSKILL	NY36K123001	21	09/19/79	06/16/80
		NY123	PEEKSKILL	NY36K123002	30	08/24/81	12/22/81
		NY123	PEEKSKILL	NY36K123003	20	09/29/82	02/25/83
		NY123	PEEKSKILL	NY36K123004	20	08/31/83	07/01/84
		NY127	RIVERHEAD TOWN HDC	NY36K127001	9	09/10/80	09/14/81
		NY127	RIVERHEAD TOWN HDC	NY36K127002	15	08/27/81	10/14/82
		NY128	PATCHOGUE HA	NY36K128001	15	09/19/79	
		NY130	BABYLON TOWN PHA	NY36K130001	11	09/19/79	03/05/81
		NY130	BABYLON TOWN PHA	NY36K130002	21	09/21/81	04/07/82
		NY134	PORT JERVIS CD	NY36K134001	11	09/20/79	05/01/84
		NY134	PORT JERVIS CD	NY36K134002	6	09/10/80	12/24/81
		NY138	NEW SQUARE HA	NY36K138001	13	09/20/79	07/28/80
		NY138	NEW SQUARE HA	NY36K138003	8	09/09/81	03/09/82
		NY138	NEW SQUARE HA	NY36K138004	19	08/31/83	05/31/84
		NY139	KINGSTON CD	NY36K139001	20	09/20/79	08/14/80
		NY139	KINGSTON CD	NY36K139002	25	09/10/80	08/07/81
		NY139	KINGSTON CD	NY36K139003	20	09/09/81	03/04/82
		NY139	KINGSTON CD	NY36K139004	20	09/28/82	04/01/83
		NY139	KINGSTON CD	NY36K139005	20	08/31/83	07/01/84
		NY140	ELLENVILLE HA	NY36K140001	20	09/19/79	10/17/80

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			NY140	ELLENVILLE HA	NY36K140002	15	09/18/80	12/22/81
			NY140	ELLENVILLE HA	NY36K140003	20	08/31/83	03/07/84
			NY141	SOUTHAMPTON TOWN CD	NY36K141001	15	09/10/80	05/28/81
			NY141	SOUTHAMPTON TOWN CD	NY36K141002	15	09/09/81	10/14/82
			NY141	SOUTHAMPTON TOWN CD	NY36K141003	21	08/31/83	06/01/84
			NY148	SPRING VALLEY VILLAGE	NY36K148001	17	09/10/80	05/26/81
			NY148	SPRING VALLEY VILLAGE	NY36K148002	10	09/09/81	06/18/82
			NY148	ELLENVILLE HA	NY36K148003	20	08/31/83	06/29/84
			NY149	BROOKHAVEN TOWN CDU	NY36K149001	29	09/18/81	12/01/82
			NY149	BROOKHAVEN TOWN CD	NY36K149002	23	08/31/83	02/05/84
	TOTAL				62	7,128		
	PR	SAN JUAN	RQ005	PRURHC	RQ46K005001	402	09/26/80	02/27/81
			RQ005	PRURHC	RQ46K005002	157	09/02/81	02/15/82
			RQ006	MUNICIPALITY OF SAN JUAN	RQ46K006001	275	09/07/79	07/01/80
			RQ006	MUNICIPALITY OF SAN JUAN	RQ46K006002	50	09/02/81	05/04/82
			RQ007	MUNICIPALITY OF CAGUAS	RQ46K007001	51	09/26/80	11/21/80
			RQ007	MUNICIPALITY OF CAGUAS	RQ46K007002	18	09/02/81	04/27/82
			RQ007	MUNICIPALITY OF CAGUAS	RQ46K007003	68	09/25/82	05/18/83
			RQ009	MUNICIPALITY OF MAYAGUEZ	RQ46K009001	50	09/26/80	01/15/81
			RQ009	MUNICIPALITY OF MAYAGUEZ	RQ46K009002	17	09/10/81	09/28/81
			RQ011	MUNICIPALITY OF BAYAMON	RC46K011001	100	09/07/79	06/26/80
			RQ011	MUNICIPALITY OF BAYAMON	RQ46K011002	50	09/26/80	01/15/81
			RQ011	MUNICIPALITY OF BAYAMON	RQ46K011003	58	09/02/81	10/19/82
			RQ013	MUN OF TRUJILLO ALTO	RQ46K013001	30	09/07/79	06/26/80
			RQ014	MUNICIPALITY OF CAROLINA	RQ46K014001	53	09/07/79	07/01/80
			RQ014	MUNICIPALITY OF CAROLINA	RQ46K014002	50	09/26/80	01/22/81
			RQ020	MUNICIPALITY OF ARECIBO	RQ46K020001	37	09/26/80	01/27/81
			RQ027	MUNICIPALITY OF LOIZA	RQ46K027001	18	09/07/79	
			RQ040	MUNICIPALITY OF CAMUY	RQ46K040001	56	09/28/81	12/15/81
			RQ051	PRHFC	RQ46K051001	468	04/29/83	12/15/83
			RQ051	PRHFC	RQ46K051002	284	09/28/83	10/15/84
			RQ051	PRHFC	RQ46K051003	1,220	09/19/84	
			VQ001	DEPT OF HSG COMMUNITY REN	VQ46K001001	127	03/14/85	
	TOTAL				22	3,637		
TOTAL					217	17,896		
3	DC	WASHINGTON	DC001	DEPT HSNG & COMMUNITY DEV	DC39K001001	100	09/25/79	06/30/80
			DC001	DEPT HSNG & COMMUNITY DEV	DC39K001002	36	05/30/80	02/20/81

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		DC001	DEPT HSNG & COMMUNITY DEV	DC39K001003	78	07/15/81	06/28/82
		DC001	DEPT HSNG & COMMUNITY DEV	DC39K001005	415	09/30/83	04/02/84
		DC001	DEPT HSNG & COMMUNITY DEV	DC39K001006	250	09/22/84	03/07/85
		DC001	DEPT HSNG & COMMUNITY DEV	DC39K001008	0	09/30/83	
				DC39K100001	212	09/28/81	
		DC100	DEPT HSNG & COMMUNITY DEV	DC39K100003	83	09/10/83	
		DC100	DEPT HSNG & COMMUNITY DEV	DC39K100004	117	09/10/83	
		DC100	DEPT HSNG & COMMUNITY DEV	DC39K100005	152	09/28/83	
		DC100		DC39K100006	30	09/28/83	
		MD004	HSG OPPORTUNITIES COMM	MD39K004001	75	09/25/79	07/28/80
		MD004	HSG OPPORTUNITIES COMM	MD39K004002	22	06/30/80	02/24/81
		MD004	HSG OPPORTUNITIES COMM	MD39K004004	100	09/30/83	05/17/84
		MD015	PRINCE GEORGES CO HSG AUT	MD39K015001	30	09/30/80	02/24/81
		MD015	PRINCE GEORGES CO HSG AUT	MD39K015003	150	09/30/83	05/02/84
		VA028	ARLINGTON CO HSNG AUTH	VA39E028006	47	08/05/83	04/13/84
		VA004	ALEXANDRIA RED & HSG AUTH	VA39K004001	50	09/25/79	07/28/80
		VA004	ALEXANDRIA RED & HSG AUTH	VA39K004002	28	08/14/80	02/24/81
		VA004	ALEXANDRIA RED & HSG AUTH	VA39K004003	30	09/30/82	06/30/83
		VA004	ALEXANDRIA RED & HSG AUTH	VA39K004004	3	07/29/83	03/19/84
		VA019	FAIRFAX CO RED & HSG AUTH	VA39K019001	50	09/25/79	06/27/80
		VA019	FAIRFAX CO RED & HSG AUTH	VA39K019002	30	05/30/80	02/24/81
		VA019	FAIRFAX CO RED & HSG AUTH	VA39K019003	32	09/30/83	01/05/84
		VA028	ARLINGTON CO HSNG AUTH	VA39K028001	96	09/25/79	02/29/80
		VA028	ARLINGTON CO HSNG AUTH	VA39K028002	94	06/26/81	09/24/81
		VA028	ARLINGTON CO HSNG AUTH	VA39K028003	11	09/30/82	05/25/83
		VA028	ARLINGTON CO HSNG AUTH	VA39K028004	100	08/05/83	02/25/84
		VA035	LOUDOUN CO HSNG AUTH	VA39K035001	20	06/30/81	05/21/82
	TOTAL			29	2,439		
MD	BALTIMORE	MD002	DEPT HSNG & COMMUNITY DEV	MD06K002001	279	08/30/79	02/28/80
		MD002	DEPT HSNG & COMMUNITY DEV	MD06K002002	178	09/25/79	02/28/80
		MD002	DEPT HSNG & COMMUNITY DEV	MD06K002003	98	04/30/80	08/11/80
		MD002	DEPT HSNG & COMMUNITY DEV	MD06K002004	209	09/30/82	05/11/84
		MD020	DEPT OF ECON & COMM DEV	MD06K020001	42	08/30/79	04/29/80
		MD020	DEPT OF ECON & COMM DEV	MD06K020002	21	08/30/79	04/29/80
		MD020	DEPT OF ECON & COMM DEV	MD06K020003	56	09/20/79	04/29/80
		MD020	DEPT OF ECON & COMM DEV	MD06K020004	37	04/30/80	02/05/81
		MD020	DEPT OF ECON & COMM DEV	MD06K020005	31	04/30/80	02/05/81
		MD020	DEPT OF ECON & COMM DEV	MD06K020006	63	07/31/80	03/24/81
		MD020	DEPT OF ECON & COMM DEV	MD06K020007	33	04/30/80	02/05/81

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		MD020	DEPT OF ECON & COMM DEV	MD06K020008	26	04/30/80	02/05/81
		MD020	DEPT OF ECON & COMM DEV	MD06K020009	58	09/30/80	02/24/81
		MD020	DEPT OF ECON & COMM DEV	MD06K020010	9	04/22/81	01/25/82
		MD020	DEPT OF ECON & COMM DEV	MD06K020011	21	05/18/81	01/25/82
		MD020	DEPT OF ECON & COMM DEV	MD06K020012	30	06/29/81	01/25/82
		MD020	DEPT OF ECON & COMM DEV	MD06K020013	26	05/02/81	01/25/82
		MD020	DEPT OF ECON & COMM DEV	MD06K020014	57	09/30/82	04/21/83
		MD020	DEPT OF ECON & COMM DEV	MD06K020017	119	09/30/83	07/25/84
		MD024	CHARLES CO COMMISSIONERS	MD06K024001	51	04/30/80	08/29/80
		MD027	WESTMINSTER HSNG AUTH	MD06K027001	22	04/30/80	08/18/80
		MD027	WESTMINSTER HSNG AUTH	MD06K027002	11	04/22/81	09/18/81
	TOTAL			22	1,507		
	PA PHILADELPHI	DE001	WILMINGTON HSNG AUTH	DE26K001001	41	09/18/79	06/05/80
		DE005	NEW CASTLE CO HSNG AUTH	DE26K005001	59	08/18/80	08/28/81
		DE005	DEPT COMMUNITY DEV & HSNG	DE26K005002	24	07/15/81	03/04/82
		PA002	PHILADELPHIA HSNG AUTH	PA26K002001	216	09/25/79	06/05/80
		PA002	PHILADELPHIA HSNG AUTH	PA26K002002	258	08/20/80	02/03/81
		PA002	PHILADELPHIA HSNG AUTH	PA26K002003	123	06/30/81	01/27/82
		PA003	SCRANTON HSNG AUTH	PA26K003001	34	08/20/80	02/26/81
		PA003	SCRANTON HSNG AUTH	PA26K003004	25	08/26/83	11/07/83
		PA004	ALLENTOWN HSNG AUTH	PA26K004001	60	09/26/79	07/22/80
		PA004	ALLENTOWN HSNG AUTH	PA26K004002	21	08/20/80	11/17/80
		PA004	ALLENTOWN HSNG AUTH	PA26K004005	25	08/26/83	11/18/83
		PA007	CHESTER HSNG AUTH	PA26K007001	52	08/20/80	12/19/80
		PA007	CHESTER HSNG AUTH	PA26K007002	22	07/02/81	10/30/81
		PA009	READING HSNG AUTH	PA26K009001	5	08/19/80	02/27/81
		PA009	READING HSNG AUTH	PA26K009002	11	06/29/81	02/09/82
		PA011	BETHLEHEM HSNG AUTH	PA26K011001	100	09/30/83	08/31/84
		PA012	MONTGOMERY CO HSNG AUTH	PA26K012001	100	09/20/79	07/29/80
		PA022	YORK HSNG AUTH	PA26K022001	113	09/25/79	09/10/80
		PA022	YORK HSNG AUTH	PA26K022002	19	08/18/80	01/23/81
		PA023	DELAWARE CO HSNG AUTH	PA26K023001	6	09/21/79	08/20/80
		PA023	DELAWARE CO HSNG AUTH	PA26K023002	26	08/20/80	02/11/81
		PA023	DELAWARE CO HSNG AUTH	PA26K023003	88	08/26/80	02/11/81
		PA035	DAUPHIN CO HSNG AUTH	PA26K035001	77	09/20/79	07/22/80
		PA036	LANCASTER HSNG AUTH	PA26K036001	41	09/19/79	07/16/80
		PA036	LANCASTER HSNG AUTH	PA26K036002	29	07/29/83	04/20/84
		PA037	POTTSVILLE HSNG AUTH	PA26K037002	65	09/28/82	04/12/83
		PA043	NANTICOKE HSNG AUTH	PA26K043001	34	08/20/80	

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		PA044	HAZLETON HSNG AUTH	PA26K044001	0	08/18/80	
		PA046	CHESTER CO HSNG AUTH	PA26K046001	73	09/27/79	08/21/80
		PA047	WILKES-BARRE HSNG AUTH	PA26K047001	30	08/18/80	02/25/81
		PA047	WILKES-BARRE HSNG AUTH	PA26K047002	25	08/26/83	01/20/84
		PA050	TIOGA CO HSNG AUTH	PA26K050001	10	09/25/79	02/26/81
		PA051	BUCKS CO HSNG AUTH	PA26K051001	50	06/29/81	09/17/81
		PA052	LEBANON CO HSNG AUTH	PA26K052001	10	09/24/79	08/14/80
		PA055	SHAMOKIN HSNG AUTH	PA26K055001	50	09/25/79	09/10/80
		PA057	LUZERNE CO HSNG AUTH	PA26K057004	74	07/29/83	01/20/84
		PA064	BRADFORD CO HSNG AUTH	PA26K064001	8	09/25/79	06/15/81
		PA067	CARBON CO HSNG AUTH	PA26K067002	27	09/30/82	02/24/83
		PA074	SUSQUEHANNA CO HSNG AUTH	PA26K074001	31	09/19/79	07/22/80
		PA075	CUMBERLAND CO HSNG AUTH	PA26K075001	96	09/19/79	07/15/80
		PA075	CUMBERLAND CO HSNG AUTH	PA26K075002	28	08/18/80	09/29/81
		PA075	CUMBERLAND CO HSNG AUTH	PA26K075004	25	08/11/83	11/07/83
		PA076	NORTHAMPTON CO HSNG AUTH	PA26K076001	20	09/24/79	07/22/80
		PA076	NORTHAMPTON CO HSNG AUTH	PA26K076002	20	08/18/80	02/27/81
		PA076	NORTHAMPTON CO HSNG AUTH	PA26K076004	35	07/29/83	06/20/84
		PA078	WAYNE CO HSNG AUTH	PA25K078001	66	09/20/79	07/22/80
		PA078	WAYNE CO HSNG AUTH	PA26K078002	38	08/18/80	01/09/81
		PA081	LEHIGH CO HSNG AUTH	PA26K081001	37	09/18/79	07/23/80
		PA081	LEHIGH CO HSNG AUTH	PA26K081002	20	08/18/80	12/12/80
		PA082	UNION CO HSNG AUTH	PA26K082001	49	08/18/80	02/27/81
		PA082	UNION CO HSNG AUTH	PA26K082002	41	07/29/83	04/04/84
		PA083	COLUMBIA CO HSNG AUTH	PA26K083001	17	09/24/79	07/23/80
		PA088	CENTRE CO HSNG AUTH	PA26K088002	26	09/30/82	05/09/83
		PA090	LANCASTER CO HSNG AUTH	PA26K090001	30	09/18/79	09/23/80
		PA090	LANCASTER CO HSNG AUTH	PA26K090002	30	08/18/80	02/24/81
		PA090	LANCASTER CO HSNG AUTH	PA26K090004	50	07/29/83	04/20/84
		PA091	ADAMS CO HSNG AUTH	PA26K091001	48	09/24/79	08/12/80
		PA091	ADAMS CO HSNG AUTH	PA26K091002	6	07/15/81	01/20/82
		PA091	ADAMS CO HSNG AUTH	PA26K091005	4	09/30/84	10/17/84
	TOTAL			59	2,758		
PA	PITTSBURGH	PA001	PITTSBURGH HSNG AUTH	PA28K001001	70	08/31/79	06/13/80
		PA001	PITTSBURGH HSNG AUTH	PA28K001002	50	09/19/80	12/29/80
		PA001	PITTSBURGH HSNG AUTH	PA28K001003	15	07/02/81	09/30/81
		PA001	PITTSBURGH HSNG AUTH	PA28K001004	31	09/30/82	11/18/82
		PA001	PITTSBURGH HSNG AUTH	PA28K001005	50	08/26/83	10/14/83
		PA006	ALLEGHENY CO HSNG AUTH	PA28K006001	120	08/31/79	10/01/80

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		PA006	ALLEGHENY CO HSNG AUTH	PA28K006002	160	08/28/80	09/26/80
		PA006	ALLEGHENY CO HSNG AUTH	PA28K006004	100	07/19/84	10/24/84
		PA013	ERIE HSNG AUTH	PA28K013001	0	08/31/79	
		PA014	BEAVER CO HSNG AUTH	PA28K014001	50	06/30/81	11/20/81
		PA014	BEAVER CO HSNG AUTH	PA28K014002		08/26/83	
		PA015	FAYETTE CO HSNG AUTH	PA28K015001	30	08/31/79	05/28/80
		PA017	WASHINGTON CO HSNG AUTH	PA28K017001	63	08/31/79	05/30/80
		PA018	WESTMORELAND CO HSNG AUTH	PA28K018001	50	08/31/79	09/26/80
		PA018	WESTMORELAND CO HSNG AUTH	PA28K018002	32	09/26/78	09/26/80
		PA019	JOHNSTOWN HSNG AUTH	PA28K019001	54	08/28/80	09/30/80
		PA019	JOHNSTOWN HSNG AUTH	PA28K019002	25	09/30/82	12/30/82
		PA019	JOHNSTOWN HSNG AUTH	PA28K019003	30	08/26/83	11/04/83
		PA029	SOMERSET CO HSNG AUTH	PA28K029001	25	08/05/80	
		PA031	ALTOONA HSNG AUTH	PA28K031001	2	08/05/80	01/30/81
		PA033	MEADVILLE HSNG AUTH	PA28K033001	8	08/05/80	01/08/81
		PA049	BRADFORD HSNG AUTH	PA28K049001	14	08/31/79	09/29/80
		PA085	BEDFORD CO HSNG AUTH	PA28K085001	0	08/31/79	
	TOTAL			23	979		
	VA RICHMOND	VA003	NEWPORT NEWS RED & HSNG A	VA36K003001	30	09/25/79	02/22/80
		VA003	NEWPORT NEWS RED & HSNG A	VA36K003002	12	06/22/81	04/20/82
		VA003	NEWPORT NEWS RED & HSNG A	VA36K003003	151	09/29/82	12/17/82
		VA006	NORFOLK RED & HSNG AUTH	VA36K006001	24	08/29/80	02/20/81
		VA007	RICHMOND RED & HSNG AUTH	VA36K007001	46	06/30/81	07/15/82
		VA010	DANVILLE RED & HSNG AUTH	VA36K010001	23	09/26/79	06/12/80
		VA011	ROANOKE RED & HSNG AUTH	VA36K011001	52	09/25/79	07/31/80
		VA011	ROANOKE RED & HSNG AUTH	VA36K011002	58	06/22/81	02/12/82
		VA011	ROANOKE RED & HSNG AUTH	VA36K011004	120	09/30/83	02/08/84
		VA012	CHESAPEAKE RED & HSNG AUT	VA36K012001	83	09/26/79	07/29/80
		VA012	CHESAPEAKE RED & HSNG AUT	VA36K012002	4	09/19/80	02/26/81
		VA017	HAMPTON RED & HSNG AUTH	VA36K017001	41	09/26/79	02/21/80
		VA017	HAMPTON RED & HSNG AUTH	VA36K017002	11	06/22/81	11/16/81
		VA027	VA HSNG DEV AUTH	VA36K027001	240	09/25/79	01/01/80
		VA027	VA HSNG DEV AUTH	VA35K027002	309	08/20/80	12/19/80
		VA027	VA HSNG DEV AUTH	VA36K027003	27	08/20/80	12/19/80
		VA027	VA HSNG DEV AUTH	VA36K027004	217	09/22/80	02/19/81
		VA027	VA HSNG DEV AUTH	VA36K027005	96	09/22/80	02/19/81
		VA027	VA HSNG DEV AUTH	VA36K027006	53	06/22/81	02/02/82
		VA027	VA HSNG DEV AUTH	VA36K027007	108	06/22/81	02/02/82
		VA027	VA HSNG DEV AUTH	VA36K027008	61	09/21/82	01/27/83

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		VA027	VA HSNG DEV AUTH	VA36K027009	423	09/30/83	12/13/84
	TOTAL			22	2,189		
	W.VA CHARLESTON	WV001	CHARLESTON HSNG AUTH	WV15K001002	145	08/11/83	02/17/84
		WV001	CHARLESTON HSNG AUTH	WV15K001003	23	09/30/84	03/18/85
		WV003	WHEELING HSNG AUTH	WV15K003002	245	09/30/83	05/23/84
		WV003	WHEELING HSNG AUTH	WV15K003003	17	09/30/84	03/15/85
		WV004	HUNTINGTON HSNG AUTH	WV15K004001	15	09/30/84	03/14/85
		WV005	PARKERSBURG HSNG AUTH	WV15K005001	67	05/26/81	08/27/81
		WV009	FAIRMONT HSNG AUTH	WV15K009001	69	09/30/84	03/15/85
		WV015	BECKLEY HSG AUTHORITY	WV15K015001	26	09/30/83	02/23/84
		WV015	BECKLEY HSG AUTHORITY	WV15K015002	18	09/30/84	03/18/85
		WV016	WEIRTON HSNG AUTH	WV15K016001	15	09/30/82	02/14/83
		WV016	WEIRTON HSNG AUTH	WV15K016002	14	09/30/84	03/18/85
		WV018	BLUEFIELD HSNG AUTH	WV15K018001	73	09/30/84	03/18/85
		WV033	WEST VA HSG DEV FUND	WV15K033001	69	09/24/79	
		WV033	WEST VA HSG DEV FUND	WV15K033002	0	09/19/79	
		WV033	WEST VA HSG DEV FUND	WV15K033006	0	09/30/82	
		WV035	JACKSON CO HSNG AUTH	WV15K035001	102	09/04/80	10/31/80
		WV036	KANAWHA CO HSG & RED AUTH	WV15K036001	50	09/04/80	11/21/80
		WV036	KANAWHA CO HSG & RED AUTH	WV15K036002	27	08/25/81	09/24/81
		WV036	KANAWHA CO HSG & RED AUTH	WV15K036003	33	09/30/82	01/14/83
		WV039	RALEIGH CO HSNG AUTH	WV15K039002	21	09/30/84	03/14/85
		WV042	BOONE CO HSNG AUTH	WV15K042001	0	08/25/81	
		WV045	RANDOLPH CO HSNG AUTH	WV15K045001	23	09/30/84	03/15/85
	TOTAL			22	1,052		
TOTAL				177	10,924		
4	ALA BIRMINGHAM	AL001	BIRMINGHAM HA	AL09K001001	202	05/16/80	08/20/80
		AL001	BIRMINGHAM HA	AL09K001003	73	06/18/81	09/22/81
		AL001	BIRMINGHAM HA	AL09K001005	26	09/24/82	11/01/82
		AL002	MOBILE HA	AL09K002001	168	09/18/79	04/11/80
		AL002	MOBILE HA	AL09K002002	150	05/16/80	09/24/80
		AL002	MOBILE HA	AL09K002004	33	09/24/82	12/07/82
		AL006	MONTGOMERY HA	AL09K006001	111	09/11/80	
		AL006	MONTGOMERY HA	AL09K006002	80	09/29/83	03/15/84
		AL007	DOTHAN HA	AL09K007001	16	09/18/79	05/17/80
		AL008	SELMA HA	AL09K008001	175	09/17/81	08/27/82
		AL010	FAIRFIELD HA	AL09K010001	40	09/18/79	05/30/80

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		AL048	DECATUR HA	AL09K048002	50	07/09/81	09/29/81
		AL049	GADSDEN HA	AL09K049001	96	07/09/81	09/14/81
		AL054	FLORENCE HA	AL09K054001	40	06/18/81	
		AL061	OPELIKA HA	AL09K061001	30	09/18/79	04/01/80
		AL077	TUSCALOOSA HA	AL09K077001	40	06/18/81	08/17/81
		AL125	BESSEMER HA	AL09K125002	168	09/30/83	04/10/84
		AL128	SAMSON HA	AL09K128001	20	05/16/80	07/21/80
		AL152	NORTHPORT HA	AL09K152001	40	06/18/81	09/23/81
		AL169	PRICHARD HA	AL09K169002	150	08/28/84	01/10/85
		AL177	TROY HA	AL09K177001	40	09/18/79	04/10/80
		AL177	TROY HA	AL09K177002	25	05/16/80	07/14/80
		AL177	TROY HA	AL09K177005	14	09/24/82	11/08/82
		AL192	SCARHA	AL09K192001	50	09/11/80	02/24/81
	TOTAL			24	1,837		
FLA	JACKSONVILL	FL001	JACKSONVILLE HA	FL29K001001	141	09/19/79	01/11/81
		FL001	JACKSONVILLE HA	FL29K001002	71	09/20/80	04/01/81
		FL001	JACKSONVILLE HA	FL29K001003	141	09/23/81	03/30/82
		FL001	JACKSONVILLE HA	FL29K001004	80	09/28/83	03/07/84
		FL001	JACKSONVILLE HA	FL29K001005	207	12/21/83	03/07/84
		FL002	ST PETERSBURG HA	FL29K002001	66	09/18/79	05/14/80
		FL002	ST PETERSBURG HA	FL29K002002	99	09/30/81	01/20/82
		FL002	ST PETERSBURG HA	FL29K002003	21	09/28/82	02/15/83
		FL003	TAMPA HA	FL29K003001	10	09/19/79	07/11/80
		FL003	TAMPA HA	FL29K003002	18	08/18/83	
		FL005	DADE CO HA	FL29K005001	422	09/19/79	07/11/80
		FL005	DADE CO HA	FL29K005002	190	09/20/80	03/12/81
		FL005	DADE CO HA	FL29K005003	71	09/11/81	04/13/82
		FL005	DADE CO HA	FL29K005004	80	08/18/83	12/12/83
		FL005	DADE CO HA	FL29K005006	581	09/30/83	12/12/83
		FL005	DADE CO HA	FL29K005007	136	07/16/84	11/28/84
		FL005	DADE CO HA	FL29K005008	238	07/10/84	10/01/84
		FL005	DADE CO HA	FL29K005009	213	09/30/84	03/18/85
		FL005	DADE CO HA	FL29K005010	293	09/30/84	03/18/85
		FL005	DADE CO HA	FL29K005011	201	05/24/85	
		FL007	DAYTONA BEACH HA	FL29K007001	38	09/09/80	02/03/81
		FL007	DAYTONA BEACH HA	FL29K007002	52	09/23/81	01/27/82
		FL010	FT LAUDERDALE HA	FL29K010001	114	09/23/80	02/09/81
		FL010	FT LAUDERDALE HA	FL29K010002	90	09/23/81	04/07/82
		FL010	FT LAUDERDALE HA	FL29K010003	21	09/28/82	01/12/83

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		FL011	LAKELAND HA	FL29K011001	29	09/23/81	03/22/82
		FL013	KEY WEST HA	FL29K013001	68	09/23/81	03/24/82
		FL028	POMPANO BEACH HA	FL29K028001	22	09/22/79	09/30/80
		FL028	POMPANO BEACH HA	FL29K028002	15	09/20/80	12/19/80
		FL032	OCALA HA	FL29K032001	39	09/28/82	12/28/82
		FL032	OCALA HA	FL29K032002	51	09/30/83	12/14/83
		FL041	FT PIERCE HA	FL29K041001	20	09/22/79	12/12/79
		FL062	PINELLAS COUNTY HA	FL29K062001	70	09/18/79	06/09/80
		FL066	HIALEAH HA	FL29K066001	74	09/23/80	12/11/80
		FL072	DELAND HA	FL29K072001	15	09/10/80	12/31/80
		FL075	CLEARWATER HA	FL29K075001	47	09/10/80	03/19/81
		FL079	BROWARD COUNTY HA	FL29K079001	108	06/20/84	10/01/84
		FL083	DELRAY BEACH HA	FL29K083001	403	09/08/80	12/12/80
		FL088	GAINESVILLE HA	FL29K088001	25	09/30/84	04/30/85
		FL092	PENSACOLA	FL29K092001	46	09/21/79	05/15/80
		FL092	PENSACOLA	FL29K092002	3	09/25/81	01/27/82
		FL116	DANIA HA	FL29K116001	25	09/19/79	
		FL122	DEPT OF COMMUNITY AFFAIRS	FL29K122001	74	09/19/79	05/29/80
		FL122	DEPT OF COMMUNITY AFFAIRS	FL29K122002	9	09/24/80	03/17/81
		FL122	DEPT OF COMMUNITY AFFAIRS	FL29K122003	12	09/24/80	03/17/81
		FL122	DEPT OF COMMUNITY AFFAIRS	FL29K122004	92	09/23/81	02/23/82
		FL122	DEPT OF COMMUNITY AFFAIRS	FL29K122005	22	09/28/82	04/05/83
		FL125	COLUMBIA COUNTY HA	FL29K125001	35	09/19/79	06/03/80
		FL136	HOLLYWOOD HA	FL29K136001	7	09/12/80	02/26/81
		FL141	COLLIER COUNTY	FL29K141001	40	09/23/81	02/12/82
	TOTAL			50	4,885		
	GA ATLANTA	GA001	AUGUSTA HA	GA06K001001	32	09/08/81	07/06/82
		GA001	AUGUSTA HA	GA06K001002	17	09/24/82	03/02/83
		GA002	SAVANNAH HA	GA06K002002	147	08/10/84	11/20/84
		GA006	ATLANTA HA	GA06K006001	194	09/21/79	
		GA007	MACON HA	GA06K007001	38	06/30/81	06/02/82
		GA011	DECATUR HA	GA06K011001	46	05/20/81	09/22/81
		GA237	DEKALB HA	GA06K237001	92	09/22/80	02/26/81
		GA237	DEKALB HA	GA06K237002	40	06/29/81	10/07/81
		GA237	DEKALB HA	GA06K237003	25	09/24/82	09/23/83
		GA267	GRFA	GA06K267001	43	09/21/79	09/30/80
		GA267	GRFA	GA06K267002	74	09/21/80	02/20/81
		GA267	GRFA	GA06K267003	61	09/22/80	02/20/81
		GA267	GRFA	GA06K267004	11	06/30/81	01/18/82

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		GA267	GRFA	GA06K267005	85	06/30/81	01/18/82
		GA267	GRFA	GA06K267006	200	09/26/83	02/23/84
		GA269	CITY OF ATLANTA	GA06K269001	45	07/31/81	09/30/81
	TOTAL			18	1,150		
KY	LOUISVILLE	KY003	FRANKFORT HA	KY36K003001	22	09/22/80	02/23/81
		KY024	HAZARD HA	KY36K024001	8	05/21/80	09/09/80
		KY040	MAYFIELD HA	KY36K040001	50	09/19/79	03/20/80
		KY040	MAYFIELD HA	KY36K040002	24	09/23/82	12/02/82
		KY047	CAMPBELLSVILLE HA	KY36K047001	35	09/13/79	12/17/79
		KY047	CAMPBELLSVILLE HA	KY36K047002	33	09/22/80	02/26/81
		KY053	GREENSBURG HA	KY36K053001	25	09/13/79	11/09/79
		KY061	GEORGETOWN HA	KY36K061001	9	06/26/81	09/22/81
		KY086	LAWRENCE CO HA	KY36K086001	6	09/19/79	11/30/79
		KY105	JEFFERSON CO HA	KY36K105001	99	05/28/81	09/17/81
		KY107	PIKEVILLE HA	KY36K107001	29	09/18/79	06/02/80
		KY131	CITY OF LOUISVILLE	KY36K131001	69	09/21/79	08/21/80
		KY133	CITY OF COVINGTON	KY36K133001	40	09/18/79	11/30/79
		KY133	CITY OF COVINGTON	KY36K133002	45	09/19/80	02/03/81
		KY134	KENTUCKY HOUSING CORP	KY36K134001	81	08/30/81	09/23/81
		KY134	KENTUCKY HOUSING CORP	KY36K134002	221	08/30/81	09/23/81
		KY134	KENTUCKY HOUSING CORP	KY36K134003	14	09/23/82	03/18/83
		KY138	DANVILLE UR&CD AGENCY	KY36K138001	14	09/14/79	11/20/79
		KY138	DANVILLE UR&CD AGENCY	KY36K138002	6	05/27/80	09/24/80
		KY140	PARIS-BOURBON CO UR&CD	KY36K140001	6	06/02/80	08/07/80
		KY141	PINEVILLE/BELL CO UR&CD	KY36K141001	9	05/21/80	08/26/80
		KY142	CITY OF ASHLAND	KY36K142001	48	09/17/79	01/31/80
		KY142	CITY OF ASHLAND	KY36K142002	20	09/23/82	01/03/83
		KY143	WILLIAMSBURG CD AGENCY	KY36K143001	15	05/20/80	09/26/80
		KY144	CITY OF HICKMAN	KY36K144001	20	09/24/79	04/14/80
		KY146	CITY OF HARRODSBURG	KY36K146001	36	06/26/81	08/20/81
		KY146	CITY OF HARRODSBURG	KY36K146003	50	09/29/83	11/10/83
		KY150	BARBOURVILLE HA	KY36K150001	15	09/18/79	12/05/79
		KY150	BARBOURVILLE UR&CD AGENCY	KY36K150002	15	05/20/80	
		KY157	FLOYD CO HA	KY36K157001	35	06/04/80	11/10/80
		KY159	ELLIOTT CO HA	KY36K159001	13	09/19/79	11/20/79
		KY160	CUMBERLAND VALLEY REG HA	KY36K160001	31	09/19/79	11/13/79
		KY160	CUMBERLAND VALLEY REG HA	KY36K160003	50	09/23/82	11/26/82
		KY161	GREENUP CO HA	KY36K161001	19	05/27/80	09/30/80
		KY165	GRAYSON-CARTER CO HA	KY36K165001	20	05/27/80	09/12/80

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		KY168	CITY OF HARLAN CD DEPT	KY36K168001	15	05/21/80	
		KY175	PRINCETON UR&CD AGENCY	KY36K175001	11	06/18/81	10/09/81
		KY176	CLINTON HA	KY36K176001	20	06/19/81	10/29/81
		KY176	CLINTON HA	KY36K176002	25	09/23/82	12/03/82
TOTAL				39	1,303		
MISS	JACKSON	MS019	MS REG HA IV	MS26K019001	68	09/21/79	07/23/80
		MS019	MS REG HA IV	MS26K019002	100	07/24/80	09/29/80
		MS019	MS REG HA IV	MS26K019003	20	09/14/82	12/16/82
		MS030	MS REG HA V	MS26K030004	100	07/24/80	09/22/80
		MS030	MS REG HA V	MS26K030005	50	01/31/85	04/04/85
		MS040	MS REG HA VIII	MS26K040001	106	09/21/79	11/28/79
		MS040	MS REG HA VIII	MS26K040002	81	09/21/79	11/28/79
		MS040	MS REG HA VIII	MS26K040003	103	07/24/80	09/22/80
		MS040	MS REG HA VIII	MS26K040004	43	09/14/82	03/17/83
		MS040	MS REG HA VIII	MS26K040005	106	08/16/83	11/01/83
		MS058	MS REG HA VI	MS26K058002	142	06/26/81	08/18/81
		MS058	MS REG HA VI	MS26K058003	105	08/16/83	11/29/83
TOTAL				12	1,024		
NC	GREENSBORO	NC001	HA OF WILMINGTON	NC19K001001	32	09/14/79	01/07/80
		NC001	HA OF WILMINGTON	NC19K001002	23	06/22/81	10/16/81
		NC001	HA OF WILMINGTON	NC19K001003	27	06/22/81	10/16/81
		NC002	HA OF RALEIGH	NC19K002001	124	08/31/79	12/18/79
		NC002	HA OF RALEIGH	NC19K002002	90	07/21/80	10/20/80
		NC003	HA OF CHARLOTTE	NC19K003001	99	09/14/79	04/24/80
		NC003	HA OF CHARLOTTE	NC19K003002	48	06/27/80	08/25/80
		NC003	HA OF CHARLOTTE	NC19K003003	36	06/26/81	08/31/81
		NC004	HA OF KINSTON	NC19K004001	94	08/12/80	11/17/80
		NC006	HA OF HIGH POINT	NC19K006001	50	09/06/79	11/26/79
		NC006	HA OF HIGH POINT	NC19K006002	23	09/27/82	12/10/82
		NC007	HA OF ASHEVILLE	NC19K007001	89	09/12/80	12/12/80
		NC009	FAYETTEVILLE METRO HA	NC19K009001	104	09/14/79	01/30/80
		NC009	FAYETTEVILLE METRO HA	NC19K009002	200	07/30/80	09/18/80
		NC011	HA OF GREENSBORO	NC19K011001	15	09/06/79	02/20/80
		NC011	HA OF GREENSBORO	NC19K011002	71	06/18/80	09/11/80
		NC012	HA OF WINSTON SALEM	NC19K012001	50	08/31/79	01/30/80
		NC012	HA OF WINSTON SALEM	NC19K012002	50	09/08/81	10/29/81
		NC012	HA OF WINSTON SALEM	NC19K012003	26	06/22/81	10/29/81

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		NC012	HA OF WINSTON SALEM	NC19K012004	200	07/31/81	10/29/81
		NC013	DURHAM HA	NC19K013001	100	09/09/80	02/27/81
		NC013	DURHAM HA	NC19K013002	74	06/26/81	02/02/82
		NC013	DURHAM HA	NC19K013003	150	09/23/85	
		NC019	ROCKY MOUNT HA	NC19K019001	96	09/04/80	01/19/81
		NC020	HA OF WILSON	NC19K020001	100	07/25/80	09/10/80
		NC020	HA OF WILSON	NC19K020003	57	09/27/82	12/17/82
		NC020	HA OF WILSON	NC19K020004	51	09/19/83	10/19/83
		NC022	HA OF GREENVILLE	NC19K022001	83	08/13/80	10/08/80
		NC022	HA OF GREENVILLE	NC19K022002	26	06/22/81	08/05/81
		NC025	ROCKINGHAM HA	NC19K025001	42	06/22/81	12/07/81
		NC057	GASTONIA HA	NC19K057001	65	08/31/79	04/03/80
		NC057	GASTONIA HA	NC19K057002	26	06/26/81	08/31/81
		NC059	GRAHAM HA	NC19K059001	35	09/06/79	03/14/80
		NC104	ORANGE COUNTY HA	NC19K104001	97	09/14/79	01/08/80
		NC118	ROANOKE CHOWAN REG HA	NC19K118001	57	08/31/79	06/09/80
		NC118	ROANOKE CHOWAN REG HA	NC19K118003	115	08/01/80	10/08/80
		NC120	CHATHAM CO HA	NC19K120001	50	08/11/80	09/22/80
		NC134	TOWN OF EAST SPENCER	NC19K134001	7	09/08/81	12/21/81
		NC144	REG P HUMAN DEV AGENCY	NC19K144001	72	06/22/81	01/05/82
		NC145	REGION R EIC	NC19K145001	65	09/08/81	01/04/82
		NC151	TWIN RIVERS OPPOR INC	NC19K151001	50	08/11/80	10/06/80
		NC151	TWIN RIVERS OPPOR INC	NC19K151002	50	09/27/82	11/16/82
		NC152	MOUNTAIN PROJECTS INC	NC19K152001	74	06/22/81	09/15/81
		NC156	CITY OF CONCORD	NC19K156001	3	06/22/81	08/13/81
		NC158	COUNTY OF HARNETT	NC19K158001	57	06/22/81	10/15/81
		NC159	WESTERN PIEDMONT COG	NC19K159001	75	09/10/80	12/02/80
		NC159	WESTERN PIEDMONT COG	NC19K159002	76	09/27/82	12/28/82
		NC161	ISOTHERMAL PLAN & DEV	NC19K161001	51	08/31/79	12/13/79
		NC161	ISOTHERMAL PLAN & DEV	NC19K161002	37	08/01/80	09/26/80
		NC164	JOHNSTON COUNTY HA	NC19K164001	71	09/06/79	12/14/79
		NC164	JOHNSTON COUNTY HA	NC19K164002	73	06/22/81	07/20/81
		NC166	NORTHWEST PIEDMONT COG	NC19K166001	23	09/14/79	03/14/80
		NC166	NORTHWEST PIEDMONT COG	NC19K166002	41	09/14/79	03/14/80
		NC166	NORTHWEST PIEDMONT COG	NC19K166003	12	09/19/83	09/04/84
		NC167	NORTHWESTERN REGIONAL HA	NC19K167001	100	09/10/80	12/15/80
		NC167	NORTHWESTERN REGIONAL HA	NC19K167002	43	06/22/81	07/28/81
		NC170	REDEV COMM OF TARBORO	NC19K170001	3	07/02/80	09/22/80
	TOTAL			57	3,658		

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SC	COLUMBIA	SC002	COLUMBIA H A	SC16K002001	80	08/17/79	06/03/80
		SC002	COLUMBIA H A	SC16K002002	48	08/22/80	09/26/80
		SC002	COLUMBIA H A	SC16K002005	9	07/29/83	08/26/83
		SC002	COLUMBIA H A	SC16K002006	60	09/27/83	11/23/83
		SC002	COLUMBIA H A	SC16K002007	74	02/19/85	04/02/85
		SC003	SPARTANBURG H A	SC16K003001	197	08/27/80	09/30/80
		SC004	GREENVILLE H A	SC16K004002	66	08/27/80	09/30/80
		SC004	GREENVILLE H A	SC16K004003	48	08/20/81	09/18/81
		SC004	GREENVILLE H A	SC16K004004	200	09/29/81	03/18/82
		SC004	GREENVILLE H A	SC16K004005	104	09/27/83	11/15/83
		SC005	DARLINGTON H A	SC16K005001	1	08/17/79	07/10/80
		SC027	FLORENCE H A	SC16K027001	1	08/17/79	07/23/80
		SC055	S C STATE H A	SC16K055002	90	06/18/81	09/18/81
		SC055	S C STATE H A	SC16K055003	89	08/31/81	09/18/81
		SC055	S C STATE H A	SC16K055004	39	09/14/82	12/06/82
		SC057	NORTH CHARLESTON H A	SC16K057001	70	08/24/79	04/17/80
		SC057	NORTH CHARLESTON H A	SC18K057002	65	06/18/81	08/07/81
		SC057	NORTH CHARLESTON H A	SC16K057003	44	09/17/82	12/10/82
		SC057	NORTH CHARLESTON H A	SC16K057004	64	08/16/83	10/17/83
TOTAL				19	1,349		
TENN	KNOXVILLE	TN002	JOHNSON CITY HA	TN37K002001	50	04/10/85	04/25/85
		TN003	KCDC	TN37K003001	44	08/23/79	04/01/80
		TN003	KCDC	TN37K003002	78	08/25/81	11/09/81
		TN003	KCDC	TN37K003003	50	09/21/82	12/09/82
		TN003	KCDC	TN37K003004	68	12/31/84	02/06/85
		TN004	CHATTANOOGA HA	TN37K004001	135	09/13/79	04/28/80
		TN004	CHATTANOOGA HA	TN37K004002	82	09/23/81	12/29/81
		TN004	CHATTANOOGA HA	TN37K004003	40	09/21/82	12/15/82
		TN034	JELLICO HA	TN37K034001	6	09/16/81	01/21/82
		TN038	MORRISTOWN HA	TN37K038001	79	08/25/81	10/15/81
		TN038	MORRISTOWN HA	TN37K038002	17	09/21/82	01/28/83
		TN076	ELIZABETHTON HA	TN37K076001	52	08/25/81	01/08/82
		TN076	ELIZABETHTON HA	TN37K076002	33	09/15/82	12/09/82
		TN076	ELIZABETHTON HA	TN37K076003	27	08/29/83	10/03/83
TOTAL				14	761		
TENN	NASHVILLE	TN001	MEMPHIS HSG. AUTH.	TN43K001001	90	09/06/79	06/03/80
		TN001	MEMPHIS HSG. AUTH.	TN43K001002	77	06/18/80	09/29/80

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			TN001	MEMPHIS HSG. AUTH.	TN43K001003	100	09/30/81	02/04/82
			TN005	METRO DEV. HSG. AGENCY	TN43K005001	36	09/06/79	05/09/80
			TN005	METRO DEV. HSG. AGENCY	TN43K005002	36	06/18/80	11/17/80
			TN005	METRO DEV. HSG. AGENCY	TN43K005003	215	06/26/81	09/29/81
			TN005	METRO DEV. HSG. AGENCY	TN43K005004	150	06/26/81	
			TN007	JACKSON HSG. AUTH.	TN43K007001	75	09/23/81	09/30/81
			TN068	SMITHVILLE HSG. AUTH.	TN43K068001	50	06/26/81	09/30/81
			TN079	DICKSON HSG. AUTH.	TN43K079001	47	09/06/79	05/06/80
			TN079	DICKSON HSG. AUTH.	TN43K079002	40	09/04/80	01/19/81
			TN079	DICKSON HSG. AUTH.	TN43K079003	22	06/19/81	09/29/81
			TN112	TENN. HSG. DEV. AGENCY	TN43K112001	24	09/29/82	01/06/83
			TN112	TENN. HSG. DEV. AGENCY	TN43K112002	28	09/29/82	01/06/83
	TOTAL				14	990		
TOTAL					245	16,957		
5	ILL	CHICAGO	IL002	CHICAGO HSG AUTH	IL06K002001	478	09/14/79	04/14/80
			IL002	CHICAGO H A	IL06K002002	239	06/06/80	05/21/81
			IL002	CHICAGO HSG AUTH	IL06K002003	258	06/11/81	02/25/82
			IL002	CHICAGO HSG AUTH	IL06K002004	78	05/27/82	03/28/83
			IL004	SPRINGFIELD HSG AUTH	IL06K004001	23	06/12/81	11/10/81
			IL012	DECATUR HSG AUTHORITY	IL06K012001	50	09/14/79	09/25/80
			IL012	DECATUR HSG AUTH	IL06K012002	28	06/12/81	02/12/82
			IL012	DECATUR HOUSING AUTH	IL06K012003	50	09/27/82	02/18/83
			IL015	MADISON CNTY HSG AUTH	IL06K015001	50	09/14/79	02/02/81
			IL022	ROCKFORD HSG AUTH	IL06K022001	37	06/12/81	04/01/83
			IL022	ROCKFORD HA	IL06K022002	108	09/30/82	02/16/84
			IL024	JOLIET HA	IL06K024001	50	09/14/79	03/13/80
			IL024	JOLIET HSG AUTH	IL06K024002	126	06/12/81	01/26/82
			IL025	COOK CO HA	IL06K025001	23	09/14/79	04/02/80
			IL025	COOK COUNTY HSG AUTH	IL06K025002	37	06/11/81	11/10/81
			IL026	WAUKEGAN H A	IL06K026002	41	06/06/80	01/14/81
			IL030	ST CLAIR CO HA	IL06K030001	100	09/14/79	03/31/80
			IL030	ST CLAIR CNTY HSG AUTH	IL06K030002	28	06/24/81	11/09/81
			IL030	ST CLAIR HOUSING AUTH	IL06K030003	29	09/27/82	04/20/83
			IL039	KANKAKEE CO HA	IL06K039001	50	09/14/79	04/23/80
			IL039	KANKAKEE CNTY HSG AUTH	IL06K039002	24	06/12/81	
			IL051	HA CITY OF BLOOMINGTON	IL06K051001	50	09/14/79	05/12/80
			IL056	LAKE CO HA	IL06K056001	100	09/14/79	04/23/80
			IL056	LAKE CNTY HSG AUTH	IL06K056002	25	06/12/81	09/30/81
			IL056	LAKE CO HOUSING AUTH	IL06K056004	23	09/30/82	03/10/83

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		IL090	AURORA LAND CLRNC COMM	IL06K090002	61	06/06/80	08/15/80
		IL090	AURORA LAND CLRNC COMM	IL06K090003	28	06/12/81	11/19/81
		IL090	AURORA LAND COMMISSION	IL06K090004	45	09/27/82	07/11/83
		IL092	ELGIN H.A.	IL06K092002	30	06/06/80	01/23/81
		IL103	OAK PARK HA	IL06K103001	12	09/14/79	04/23/80
		IL107	NORTH CHICAGO AUTHORITY	IL06K107001	38	09/24/81	05/24/82
		IL127	DEPT LOCAL GOVT AFFAIRS	IL06K127001	201	09/14/79	05/28/80
		IL127	DEPT OF COMMERCE COMM AFR	IL06K127002	152	08/15/80	05/06/81
		IL127	IL DEPT COM COMTY AFFAIR	IL06K127003	60	09/27/82	04/07/83
TOTAL				34	2,732		
IND	INDIANAPOLI	IN003	FT WAYNE HA	IN36K003001	100	09/04/79	10/02/79
		IN003	FORT WAYNE	IN36K003002	117	07/03/80	09/26/80
				IN36K003003	36	09/30/82	04/29/83
		IN005	MUNCIE	IN36K005002	50	09/22/81	01/28/82
		IN006	ANDERSON HA	IN36K006001	50	09/04/79	10/22/79
		IN006	ANDERSON	IN36K006002	50	07/03/80	11/03/80
		IN006	ANDERSON	IN36K006003	59	06/24/81	09/25/81
		IN006	ANDERSON	IN36K006004	44	09/30/82	04/15/83
		IN011	GARY	IN36K011001	100	09/22/80	09/29/81
		IN021	TERRE HAUTE HA	IN36K021002	56	09/04/79	02/11/81
		IN021	TERRE HAUTE VIGO COUNTY	IN36K021003	33	07/03/80	02/11/81
		IN029	EAST CHICAGO	IN36K029001	20	09/09/80	01/09/81
		IN029	EAST CHICAGO	IN36K029002	82	06/24/81	09/24/81
		IN062	DECATUR	IN36K062001	10	07/03/80	09/24/80
		IN062	DECATUR-GENEVA	IN36K062002	12	07/03/80	09/24/80
		IN071	LAFAYETTE HA	IN36K071001	32	09/04/79	02/21/80
		IN071	LAFAYETTE	IN36K071002	50	06/24/81	10/28/81
		IN072	INDIANA STATE HOUSING BD	IN36K072001	161	09/04/79	10/02/79
		IN072	INDIANA STATE HOUSING BD	IN36K072002	228	09/04/79	10/02/79
		IN072	INDIANA STATE HOUSING BD	IN36K072010	178	07/03/80	10/02/80
		IN072	INDIANA STATE HOUSING BD	IN36K072011	4	09/30/82	03/14/83
		IN072	IND STATE HOUSING BOARD	IN36K072013	90	05/28/85	06/10/85
		IN079	ELWOOD	IN36K079001	34	07/03/80	10/06/80
		IN080	NOBLESVILLE	IN36K080001	3	06/24/81	01/28/82
TOTAL				24	1,599		
MICH	GR RAPIDS	MI073	GRAND RAPIDS	MI33K073001	28	09/26/79	09/05/80
		MI073	GRAND RAPIDS HSG COMM	MI33K073002	24	06/22/83	07/13/83

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		MI073	GRAND RAPIDS HSG COMM	MI33K073003	21	08/31/83	02/24/84
		MI150	MSHDA	MI33K150001	60	09/26/79	09/30/80
		MI150	MSHDA	MI33K150002	58	09/26/79	
		MI150	MSHDA	MI33K150003	20	09/26/79	
		MI150	MSHDA	MI33K150004	20	07/14/81	03/03/82
	TOTAL			7	231		
MICH	DETROIT	MI001	DETROIT	MI28K001001	218	09/20/79	07/14/80
		MI001	DETROIT HOUSING DEPT	MI28K001002	150	06/18/80	01/15/82
		MI003	DEARBORN HOUSING COMMISS.	MI28K003001	35	09/13/79	
		MI008	RIVER ROUGE HSG COMM	MI28K008001	39	06/23/81	09/30/81
		MI009	FLINT HOUSING COMM	MI28K009002	126	08/08/80	
		MI064	ANN ARBOR HSG COMMISSION	MI28K064001	75	06/30/81	01/04/82
		MI095	GLADWIN CITY HOUS. COMM.	MI28K095001	50	09/13/79	
		MI139	WESTLAND HOUSING COMM	MI26K139001	57	09/13/79	08/05/80
		MI150	MSHDA	MI28K150001	205	09/25/81	
		MI150	MSHDA	MI28K150006	128	05/21/84	05/21/84
		MI188	MADISON HGTS HSG COMM	MI28K188001	28	09/18/80	07/17/81
	TOTAL			11	1,111		
MINN	MINNEAPOLIS	MN001	ST PAUL HRA	MN46K001001	55	09/14/79	07/02/80
		MN001	ST PAUL PHA	MN46K001002	37	05/28/80	01/21/81
		MN002	MINNEAPOLIS HRA	MN46K002001	87	09/14/79	09/29/80
		MN002	MINNEAPOLIS HRA	MN46K002002	125	05/28/80	08/07/81
		MN002	MINNEAPOLIS COMM DEV AGEN	MN46K002003	74	08/16/83	03/29/84
		MN003	DULUTH HRA	MN46K003001	38	06/29/81	12/09/81
		MN010	SOUTH ST PAUL HRA	MN46K010001	30	06/17/80	01/22/81
		MN021	CROOKSTON HRA	MN46K021001	30	05/28/80	02/23/81
		MN021	CROOKSTON HRA	MN46K021002	17	06/29/81	03/25/82
		MN147	DAKATA COUNTY HRA	MN46K147001	25	09/14/79	05/08/80
		MN147	DAKOTA COUNTY HRA	MN46K147002	52	05/28/80	06/05/81
		MN158	N W MULTI COUNTY	MN46K158001	42	09/13/79	12/11/79
		MN158	NW MULTI COUNTY HRA	MN46K158002	40	09/13/79	12/11/79
		MN158	NW MINN MULTICOUNTY HRA	MN46K158004	70	09/13/82	11/18/82
		MN163	METRO COUNCIL HRA	MN46K163001	58	09/13/79	05/06/80
		MN163	METRO COUNCIL HRA	MN46K163002	100	05/28/80	
		MN163	METRO COUNCIL HRA	MN46K163003	100	06/29/81	
	TOTAL			17	980		

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OHIO	CINCINNATI	OH004	CINCINNATI METRO HOUSING	OH10K004003	2	09/30/81	02/16/82
		OH005	DAYTON METRO HOUSING AUTH	OH10K005002	50	05/03/81	07/28/81
		OH005	DAYTON METRO HOUSING AUTH	OH10K005003	15	05/03/81	07/28/81
		OH053	CLINTON COUNTY PHA	OH10K053001	42	09/27/82	02/25/83
		OH004	CINCINNATI MHA	OH16K004002	118	06/04/80	04/01/81
		OH005	DAYTON METRO HSG ATHORITY	OH16K005001	100	08/24/79	03/17/81
		OH022	GREENE MHA	OH16K022001	75	08/24/79	06/26/80
		OH048	HAMITON CTY MHA	OH16K048001	10	08/24/79	09/19/80
		OH062	MIAMI MHA	OH16K062001	75	05/28/80	09/26/80
TOTAL				9	487		
OHIO	CLEVELAND	OH002	YOUNGSTOWN MHA	OH12K002001	93	03/24/81	08/20/81
		OH002	YOUNGSTOWN MHA	OH12K002002	40	09/29/82	02/11/83
		OH003	CUYAHOGA MHA	OH12K003001	120	09/13/79	05/14/80
		OH003	CUYAHOGA MHA	OH12K003002	345	09/14/79	05/14/80
		OH003	CUYAHOGA M H A	OH12K003003	150	07/08/80	09/25/80
		OH003	CUYAHOGA M H A	OH12K003004	165	07/08/80	09/25/80
		OH003	CUYAHOGA MHA	OH12K003006	40	04/24/81	07/08/81
		OH003	CUYAHOGA MHA	OH12K003007	200	09/12/84	04/08/85
		OH003	CUYAHOGA M H A	OH12K003008	45	05/28/85	07/22/85
		OH006	LUCAS MHA	OH12K006001	50	08/29/79	05/15/80
		OH006	LUCAS MHA	OH12K006002	60	07/15/80	09/23/80
		OH006	LUCAS MHA	OH12K006003	70	03/24/81	
		OH006	LUCAS MHA	OH12K006004	120	08/29/83	01/30/84
		OH007	AKRON MHA	OH12K007001	170	09/14/79	02/22/80
		OH007	AKRON MHA	OH12K007002	20	05/30/80	09/18/80
		OH007	AKRON MHA	OH12K007004	159	07/15/80	09/10/80
		OH007	AKRON MHA	OH12K007007	40	09/29/82	02/02/83
		OH007	AKRON M H A	OH12K007009	180	09/12/84	02/06/85
		OH016	MANSFIELD MHA	OH12K016001	12	09/13/79	04/22/80
		OH016	MANSFIELD MHA	OH12K016002	8	03/31/81	03/25/82
		OH018	STARK MHA	OH12K018001	120	09/14/79	07/18/80
		OH018	STARK MHA	OH12K018002	108	03/31/81	10/19/81
		OH018	STARK M H A	OH12K018004	218	09/21/84	03/20/85
		OH028	ERIE MHA	OH12K028001	50	03/31/81	07/06/81
		OH031	PORTAGE MHA	OH12K031001	85	03/24/81	06/17/81
TOTAL				25	2,668		

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OHIO	COLUMBUS	OH001	COLUMBUS MHA	OH16K001001	250	08/23/79	06/18/80
		OH001	COLUMBUS MHA	OH16K001002	148	05/30/80	09/24/80
		OH001	COLUMBUS MHA	OH16K001003	50	06/16/81	09/30/81
		OH001	COLUMBUS MHA	OH16K001004	82	09/30/82	03/17/83
		OH010	PORTSMOUTH MHA	OH16K010001	55	03/16/81	08/26/81
		OH021	SPRINGFIELD MHA	OH16K021001	30	08/24/79	06/13/80
		OH021	SPRINGFIELD MHA	OH16K021002	50	08/20/80	02/18/81
		OH021	SPRINGFIELD MHA	OH16K021003	40	06/16/81	09/30/81
		OH021	SPRINGFIELD MHA	OH16K021004	39	08/26/81	09/30/81
		OH021	SPRINGFIELD MHA	OH16K021005	25	09/30/82	01/19/83
		OH033	CAMBRIDGE MHA	OH16K033001	80	06/27/80	09/19/80
		OH033	CAMBRIDGE MHA	OH16K033002	20	06/16/81	09/30/81
		OH041	ATHENS MHA	OH16K041001	68	05/30/80	09/24/80
		OH044	ALLEN MHA	OH16K044001	45	08/24/79	05/22/80
		OH044	ALLEN MHA	OH16K044002	24	09/30/82	03/11/83
		OH060	PIKE MHA	OH16K060001	77	06/06/80	09/30/80
	TOTAL			16	1,081		
WISC	MILWAUKEE	WI002	MILWAUKEE CITY OF HA	WI39K002001	189	09/11/79	
		WI002	MILWAUKEE HA	WI39K002002	26	06/23/80	
		WI002	MILWAUKEE HA	WI39K002003	50	06/16/81	
		WI003	MADISON HA	WI39K003001	53	09/27/79	03/24/81
		WI019	AMERY HA	WI39K019001	10	09/11/79	09/26/80
		WI038	FOND DU LAC HA	WI39K038001	30	09/11/79	09/15/80
		WI038	FOND DU LAC	WI39K038002	30	06/24/80	09/15/80
		WI038	FOND DU LAC HA	WI39K038003	34	09/30/82	04/08/83
		WI050	RICE LAKE HA	WI39K050001	3	09/11/79	03/24/81
		WI064	BELOIT	WI39K064001	39	09/11/79	09/26/80
		WI064	BELOIT HA	WI39K064002	30	09/30/82	02/18/83
		WI070	RHINELANDER HA	WI39K070001	58	09/27/79	
		WI096	TOMAH HA	WI39K096001	14	09/11/79	09/05/80
		WI146	HARTFORD HA	WI39K146001	24	09/11/79	09/15/80
		WI146	HARTFORD HA	WI39K146002	20	05/12/81	09/14/81
		WI160	DUNN COUNTY HA	WI39K160001	11	05/11/81	09/30/81
		WI183	RACINE CO HA	WI39K183001	30	09/11/79	
		WI195	KENOSHA HA	WI39K195001	39	08/27/80	08/17/81
		WI200	WHFA	WI39K200001	117	09/24/81	09/13/82
		WI201	WEST ALLIS HA	WI39K201001	50	09/27/79	
		WI204	SAUK COUNTY HA	WI39K204001	8	05/18/81	12/11/81
		WI214	DANE COUNTY HA	WI39K214002	50	05/19/81	09/14/81

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		WI214	DANE COUNTY HA	WI39K214003	62	09/30/82	02/17/83
		WI003	DANE COUNTY HOUSING AUTHO	WI39K214004	133	09/30/81	10/21/83
		WI218	MILWAUKEE CO	WI39K218001	100	09/11/79	
		WI242	BURNETT CO	WI39K242001	25	09/11/79	08/07/81
		WI245	BARRON COUNTY HA	WI39K245002	15	05/19/81	09/30/81
		WI248	CHIPPEWA COUNTY HA	WI39K248001	15	09/12/80	08/17/81
		WI248	CHIPPEWA COUNTY HA	WI39K248002	11	09/30/82	02/25/83
	TOTAL			29	1,276		
TOTAL				172	12,165		
6	ARK LITTLE ROCK	AR002	NORTH LITTLE ROCK HA	AR37K002001	75	09/20/79	
		AR017	PINE BLUFF HA	AR37K017001	51	09/19/79	05/13/80
		AR152	LAKE VILLAGE HA	AR37K152001	1	09/19/79	03/20/80
		AR163	SILOAM SPRINGS HA	AR37K163001	50	09/20/79	06/27/80
		AR163	SILOAM SPRINGS HA	AR37K163002	101	06/26/80	
		AR180	CROSS COUNTY HA	AR37K180001	8	09/21/79	05/14/80
		AR182	SEBASTIAN COUNTY HA	AR37K182001	51	09/21/79	
		AR182	SEBASTIAN COUNTY HA	AR37K182002	71	09/29/82	04/20/83
		AR199	MILLER COUNTY HA	AR37K199001	27	09/18/81	03/01/82
		AR230	TEXARKANA HA	AR37K230001	50	09/20/79	06/06/80
		AR235	YELL COUNTY HA	AR37K235001	7	09/19/79	12/21/79
		AR262	EARLE HA	AR37K262001	6	09/20/79	05/14/80
	TOTAL			12	498		
	LA NEW ORLEANS	LA002	SHREVEPORT LHA	LA48K002001	40	09/11/79	02/05/81
		LA002	SHREVEPORT LHA	LA48K002002	50	06/23/80	02/05/81
		LA002	SHREVEPORT LHA	LA48K002003	98	06/23/81	06/16/82
		LA002	SHREVEPORT LHA	LA48K002004	25	09/29/82	07/15/83
		LA002	HA OF CITY OF SHREVEPORT	LA48K002006	142	09/18/84	01/15/85
		LA004	LAKE CHARLES LHA	LA48K004001	24	09/11/79	09/10/80
		LA005	LAFAYETTE LHA	LA48K005001	15	09/11/79	
		LA006	MONROE LHA	LA48K006001	125	09/11/79	07/16/80
		LA006	MONROE LHA	LA48K006002	125	06/23/80	08/21/80
				LA48K006003	30	06/24/81	05/26/82
		LA006	MONROE LHA	LA48K006004	51	09/24/82	04/13/83
		LA013	JEFFERSON PARISH LHA	LA48K013001	58	06/23/81	12/21/81
		LA023	ALEXANDRIA LHA	LA48K023001	30	09/11/79	08/14/80
		LA023	ALEXANDRIA LHA	LA48K023002	20	06/23/80	09/17/80
		LA023	ALEXANDRIA LHA	LA48K023003	41	09/24/82	02/25/83

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		LA097	GRAMBLING LHA	LA48K097001	6	06/24/80	01/12/81
		LA115	NATCHITOCHES LHA	LA48K115001	55	09/11/79	02/09/81
		LA166	NATCHITOCHES PARISH PHA	LA48K166001	30	09/11/79	06/16/80
		LA166	NATCHITOCHES PARISH PHA	LA48K166002	20	06/24/80	09/23/80
		LA171	OUACHITA PARISH PHA	LA48K171001	50	06/24/80	01/31/81
		LA171	OUACHITA PARISH PHA	LA48K171002	30	06/23/81	
		LA172	CALCASIEU PARISH PHA	LA48K172001	50	09/11/79	07/30/80
		LA172	CALCASIEU PARISH PHA	LA48K172002	28	06/24/80	01/07/81
		LA190	BOSSIER PARISH PHA	LA48K190001	50	06/24/80	02/04/81
		LA195	EAST CARROLL PARISH PHA	LA48K195001	52	06/24/80	11/07/80
		LA202	DONALDSONVILLE PHA	LA48K202001	20	06/23/80	06/09/81
		LA205	NEW ROADS PHA	LA48K205001	10	06/24/80	01/08/81
		LA218	NEW ORLEANS PHA	LA48K218001	150	09/11/79	06/27/80
		LA218	NEW ORLEANS PHA	LA48K218002	160	06/23/80	09/04/80
		LA219	BATON ROUGE PHA	LA48K219001	56	09/11/79	07/08/80
		LA219	BATON ROUGE PHA	LA49K219002	31	06/24/80	12/04/80
		LA219	BATON ROUGE PHA	LA48K219003	20	06/23/81	12/16/82
		LA232	RUSTON PHA	L448K232001	20	06/23/80	01/09/81
	TOTAL			33	1,712		
	OKLA	OKLAHOMA CITY	OK002	OKLAHOMA CITY HA	OK56K002001	46	09/04/79	11/07/79
		OK002	OKLAHOMA CITY HA	OK56K002002	56	06/27/80	03/11/81
		OK020	COALGATE HA	OK56K020001	20	09/04/79	04/01/80
		OK020	COALGATE HA	OK56K020002	11	06/30/80	11/20/80
		OK020	COALGATE HA	OK56K020003	20	06/25/81	09/21/81
		OK045	CHEROKEE NATION HA	OK56K045001	50	09/04/79	12/05/79
		OK045	CHEROKEE NATION HA	OK56K045002	75	06/27/80	01/21/81
		OK045	CHEROKEE NATION HA	OK56K045003	95	06/27/80	01/21/81
		OK045	CHEROKEE NATION HA	OK56K045004	19	06/25/81	09/23/81
		OK045	CHEROKEE NATION HA	OK56K045005	59	06/22/81	09/23/81
		OK045	CHEROKEE NATION HA	OK56K045006	35	08/03/83	10/20/83
		OK045	CHEROKEE NATION HA	OK56K045007	42	08/03/83	10/20/83
		OK073	TULSA HA	OK56K073001	92	09/04/79	04/01/80
		OK073	TULSA HA	OK56K073002	85	06/22/81	09/17/81
		OK073	TULSA HA	OK56K073003	82	09/29/82	01/10/83
		OK096	WEWOKA HA	OK56K096002	28	06/22/81	09/08/81
		OK096	WEWOKA HA	OK56K096003	30	09/29/82	02/16/83
		OK139	NORMAN HA	OK56K139001	20	06/22/81	10/14/81
		OK140	OKLAHOMA HFA	OK56K140001	26	09/24/79	02/21/80
		OK140	OKLAHOMA HFA	OK56K140002	170	09/24/79	02/21/80

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		OK140	OKLAHOMA HFA	OK56K140003	21	06/27/80	08/26/80
		OK140	OKLAHOMA HFA	OK56K140004	193	06/27/80	08/21/80
		OK140	OHFA	OK56K140005	272	09/21/84	02/21/85
		OK140	OHFA	OK56K140006	3	09/21/84	02/21/85
		OK142	HENRYETTA HA	OK56K142001	30	06/25/81	08/31/81
		OK142	HENRYETTA HA	OK56K142002	25	09/29/82	02/15/83
TOTAL				26	1,605		
TEX	DALLAS	NM001	ALBUQUERQUE HA	NM16K001001	47	09/25/79	04/30/80
		NM001	ALBUQUERQUE HA	NM16K001002	84	06/30/80	11/18/80
		NM001	ALBUQUERQUE HA	NM16K001003	17	09/28/82	04/27/83
		NM063	REGION VI HA	NM16K063002	42	06/27/80	12/18/80
		NM065	CLOVIS HA	NM16K065001	50	08/16/83	05/23/84
		NM074	STATE HA OF NEW MEXICO	NM16K074001	60	09/30/83	04/18/84
		NM074	STATE HA OF NEW MEXICO	NM16K074002	89	09/30/83	04/19/84
		TX004	FORT WORTH HA	TX16K004001	150	09/26/79	04/30/80
		TX004	FORT WORTH HA	TX16K004002	34	06/27/80	11/18/80
		TX009	DALLAS HA	TX16K009002	119	06/27/80	11/14/80
		TX009	DALLAS HA	TX16K009003	88	06/25/81	10/21/81
		TX009	DALLAS HA	TX16K009004	28	09/28/82	05/26/83
		TX009	DALLAS HA	TX16K009005	75	08/17/83	09/23/85
		TX009	DALLAS HA	TX16K009006	75	06/12/85	09/27/85
		TX018	LUBBOCK HA	TX16K018001	1	06/27/80	09/18/80
		TX018	LUBBOCK HA	TX16K018002	36	06/29/81	10/05/81
		TX327	ABILENE HA	TX16K327001	2	06/27/80	03/04/81
		TX372	RUSK HA	TX16K372001	15	08/16/83	11/02/83
		TX431	TARRANT COUNTY HA	TX16K431001	2	06/27/80	10/14/80
		TX435	GARLAND HA	TX16K435001	2	06/37/80	09/11/80
		TX435	GARLAND HA	TX16K435002	3	06/25/81	08/31/81
		TX470	SAN ANGELO HA	TX16K470001	15	06/27/80	09/12/80
		TX472	AMARILLO HA	TX16K472001	50	06/27/80	05/08/81
		TX472	AMARILLO HA	TX16K472002	14	06/25/81	08/31/81
		TX481	TEXAS PANHANDLE CAC HA	TX16K481001	90	06/27/80	09/29/80
		TX481	TEXAS PANHANDLE CAC HA	TX16K481002	10	06/27/80	09/29/80
		TX481	TEXAS PANHANDLE CAC HA	TX16K481003	14	06/29/81	10/08/81
		TX481	TEXAS PANHANDLE CAC HA	TX16K481004	60	06/29/81	10/08/81
		TX481	TEXAS PANHANDLE CAC HA	TX16K481005	21	09/28/82	12/16/82
		TX481	TEXAS PANHANDLE CAC HA	TX16K481007	50	08/16/83	11/23/83
		TX481	TXPANHANDLE COMM ACTION	TX16K481008	52	06/12/85	09/20/85
		TX482	CENTRAL TEXAS COG HA	TX16K482001	200	09/25/79	05/01/80

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		TX482	CENTRAL TEXAS COG HA	TX16K482002	22	09/25/79	05/01/80
		TX482	CENTRAL TEXAS COG HA	TX16K482003	24	06/27/80	10/06/80
		TX482	CENTRAL TEXAS COG HA	TX16K482004	3	06/27/80	10/06/80
		TX482	CENTRAL TEXAS COG HA	TX16K482005	20	09/28/82	12/17/82
		TX482	CENTRAL TEXAS COG HA	TX16K482006	77	08/26/83	11/09/83
		TX482	CENTRAL TEXAS COG HA	TX16K482007	25	08/26/83	11/09/83
		TX499	ARK-TEX COG HA	TX16K499002	43	06/27/80	03/19/81
		TX499	ARK-TEX COG HA	TX16K499003	15	06/29/81	10/05/81
		TX499	ARK-TEX COG HA	TX16K499004	30	06/29/81	10/05/81
		TX499	ARK-TEX COG HA	TX16K499006	45	09/29/82	01/06/83
		TX137	DEKALB HA	TX16K551001	10	09/17/81	02/26/82
		TX554	PRESIDIO HA	TX16K554001	20	09/30/83	07/03/84
	TOTAL			44	1,929		
	TEX HOUSTON	TX005	HOUSTON HA	TX24K005001	189	09/20/79	06/27/80
		TX005	HOUSTON HA	TX24K005002	352	06/27/80	01/09/81
		TX005	HOUSTON HA	TX24K005003	240	08/11/81	09/25/81
		TX017	GALVESTON HA	TX24K017001	28	09/20/79	06/30/80
		TX023	BEAUMONT HA	TX24K023001	120	07/01/81	09/28/81
		TX023	BEAUMONT HA	TX24K023002	18	07/25/83	09/13/83
		TX037	ORANGE HA	TX24K037001	20	09/20/79	06/30/80
		TX441	HARRIS CO HA	TX24K441001	50	09/20/79	06/30/80
		441	HARRIS CO HA	TX24K441003	25	08/16/83	10/18/83
		TX512	DEEP E TEX COG HA	TX24K512001	21	08/27/80	10/15/80
		TX512	DEEP E TEX COG HA	TX24K512002	26	08/27/80	10/15/80
		TX512	DEEP E TEX COG HA	TX24K512003	86	07/26/84	08/22/84
		TX526	BRAZOS VAL DEV CNCL HA	TX24K526001	14	06/23/80	06/19/80
		TX526	BRAZOS VAL DEV CNCL HA	TX24K526002	12	08/16/83	11/08/83
		TX526	BRAZOS VAL DEV CNCL HA	TX24K526004	12	08/16/83	11/08/83
		TX526	BVDC HA	TX24K526005	19	02/14/85	03/25/85
	TOTAL			16	1,232		
	TEX SAN ANTONIO	TX001	AUSTIN HA	TX59K001001	42	09/05/79	03/07/80
		TX001	AUSTIN HA	TX59K001002	79	06/25/81	08/24/81
		TX006	SAN ANTONIO HA	TX59K006001	518	09/05/79	03/07/80
		TX006	SAN ANTONIO HA	TX59K006002	149	06/27/80	07/29/80
		TX006	SAN ANTONIO HA	TX59K006003	207	06/25/81	09/14/81
		TX006	SAN ANTONIO AH	TX59K006004	93	09/27/82	12/09/82
		TX007	BROWNSVILLE HA	TX59K007001	78	09/05/79	03/11/80

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		TX007	BROWNSVILLE HA	TX59K007002	25	06/04/81	08/27/81
		TX011	LAREDO HA	TX59K011002	18	06/27/80	02/06/81
		TX011	LAREDO HA	TX59K011003	32	09/02/82	12/13/82
		TX011	LAREDO H A	TX59K011005	93	04/19/85	
		TX016	DEL RIO HA	TX59K016001	60	06/08/81	08/28/81
		TX028	MCALLEN HA	TX59K028001	50	09/05/79	03/07/80
		TX046	MISSION HA	TX59K046001	33	09/05/79	03/13/80
		TX051	WESLACO HA	TX59K051001	34	06/27/80	01/13/81
		TX062	EDINBURG HA	TX59K062001	26	09/05/79	03/07/80
		TX065	HARLINGEN	TX59K065002	25	06/04/81	09/01/81
		TX085	VICTORIA HA	TX59K085002	50	06/27/80	12/15/80
		TX114	KINGSVILLE HA	TX59K114001	15	06/25/81	09/08/81
		TX177	DONNA HA	TX59K177002	16	06/27/80	
		TX300	CARRIZO SPRINGS HA	TX59K300001	50	09/05/79	01/16/81
		TX396	STARR COUNTY HA	TX59K396002	20	06/27/80	02/13/81
		TX480	TRAVIS COUNTY HA	TX59K480001	35	06/27/80	08/07/81
		TX509	CAMERON COUNTY HA	TX59K509001	56	09/05/79	05/08/80
		TX509	CAMERON COUNTY HA	TX59K509002	25	07/03/80	09/12/80
		TX509	CAMERON COUNTY HA	TX59K509003	30	06/08/81	09/11/81
	TOTAL			26	1,859		
TOTAL				157	8,835		
7	IOWA DESMOINES	IA018	CITY OF SIOUX CITY	IA05K018001	52	07/28/81	11/19/81
		IA020	DES MOINES LHA	IA05K020001	98	09/14/79	06/04/80
		IA020	DES MOINES LHA	IA05K020002	17	07/25/80	02/17/81
		IA020	DES MOINES LHA	IA05K020003	95	09/25/81	01/25/82
		IA022	CITY OF IOWA CITY	IA05K022001	0	08/18/81	
		IA023	COUNCIL BLUFFS LHA	IA05K023001	24	07/28/80	02/24/81
		IA023	MUNICIPAL HOUSING AGENCY	IA05K023002	25	08/31/83	11/22/83
		IA024	CITY OF CEDAR RAPIDS	IA05K024001	49	09/14/79	07/01/80
		IA024	CITY OF CEDAR RAPIDS	IA05K024002	12	09/27/82	12/14/82
		IA030	KEOKUK LHA	IA05K030001	20	09/18/81	01/20/82
		IA030	KEOKUK LHA	IA05K030002	21	08/31/83	10/26/83
		IA087	CITY OF DUBUQUE	IA05K087001	69	09/14/79	05/27/80
		IA087	CITY OF DUBUQUE	IA05K087002	25	06/16/81	10/07/81
		IA087	CITY OF DUBUQUE	IA05K087003	48	09/27/82	12/20/82
		IA089	CITY OF AMES	IA05K089001	33	09/25/81	03/22/82
		IA107	FORT DODGE LHA	IA05K107001	50	09/14/79	05/27/80
		IA108	CITY OF MASON CITY	IA05K108001	32	08/26/80	02/23/81
		IA113	LHA OF CEDAR FALLS	IA05K113001	39	09/14/79	10/31/80

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		IA113	CEDAR FALLS LHA	IA05K113002	13	06/16/81	09/11/81
		IA124	AREA XV MULTI-COUNTY HA	IA05K124001	21	09/14/79	06/23/80
		IA127	NORTH IOWA REGIONAL HA	IA05K127001	50	09/14/79	05/30/80
		IA127	NORTH IOWA REGIONAL H A	IA05K127002	25	09/27/82	11/08/82
		IA128	AREA XVI REGIONAL HA	IA05K128001	11	04/29/80	09/11/80
		IA129	NWIRHA	IA05K129001	21	08/26/80	02/23/81
		IA129	NWIRHA	IA05K129002	6	08/26/80	02/23/81
		IA129	NWIRHA	IA05K129003	16	09/27/82	12/20/82
		IA129	NORTWEST IOWA RHA	IA05K129005	25	08/31/83	10/24/83
		IA130	UERHA	IA05K130001	4	08/26/80	02/23/81
	TOTAL			28	901		
	MO KANSAS CITY	KS001	KANSAS CITY KS PHA	KS16K001001	97	09/21/79	03/31/80
		KS001	KANSAS CITY KS PHA	KS16K001002	36	09/26/80	02/27/81
		KS002	TOPEKA PHA	KS16K002001	34	06/25/80	01/28/81
		KS004	WICHITA PHA	KS16K004001	74	09/21/79	04/30/80
		KS053	LAWRENCE PHA	KS16K053001	50	06/25/80	09/15/80
		KS053	LAWRENCE PHA	KS16K053002	30	07/28/81	09/30/81
		KS068	LEAVENWORTH PHA	KS16K068001	20	09/21/79	
		KS131	FRONTENAC PHA	KS16K131001	30	09/21/79	07/31/80
		KS145	CITY OF CONCORDIA	KS16K145001	10	09/21/79	03/31/80
		KS149	PITTSBURG PHA	KS16K149001	14	06/25/80	07/26/81
		KS149	PITTSBURG PHA	KS16K149003	15	09/27/82	12/27/82
		MO002	KANSAS CITY MO PHA	MO16K002001	174	09/21/79	05/29/80
		MO002	KANSAS CITY MO PHA	MO16K002002	106	06/26/80	02/24/81
		MO002	KANSAS CITY MO PHA	MO16K002003	131	07/31/81	02/01/82
		MO002	KANSAS CITY MO PHA	MO16K002004	46	09/27/82	08/31/83
		MO002	KANSAS CITY MO PHA	MO16K002005	15	07/28/83	11/22/83
		MO002	KANSAS CITY MO PHA	MO16K002006	192	05/30/84	10/25/84
		MO046	MARCELINE H A	MO16K046001	10	04/24/81	
		MO053	EXCELSIOR SPRINGS HA	MO16K053001	15	04/24/81	
		MO058	SPRINGFIELD PHA	MO16K058001	10	09/26/80	02/25/81
		MO075	BROOKFIELD H A	MO16K075001	0	04/24/81	
		MO190	NODAWAY MULTI-COUNTY PHA	MO16K190001	12	09/21/79	06/17/80
		MO196	GRUNDY MULTI-COUNTY PHA	MO16K196001	10	09/21/79	03/31/80
		MO197	ST CLAIR MULTI-COUNTY PHA	MO16K197001	80	09/21/79	05/23/80
		MO197	ST CLAIR MULTI-COUNTY PHA	MO16K197002	42	09/21/79	05/23/80
		MO197	ST CLAIR MULTI-COUNTY PHA	MO16K197003	55	04/24/81	11/09/81
		MO197	ST CLAIR COUNTY PHA	MO16K197004	0	04/24/81	
		MO197	ST CLAIR COUNTY PHA	MO16K197005	0	04/24/81	

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		MO197	ST CLAIR COUNTY PHA	MO16K197006	0	04/24/81	
		MO197	ST CLAIR MULTI-COUNTY PHA	MO16K197007	20	04/24/81	11/09/81
		MO197	ST CLAIR MULTI-COUNTY PHA	MO16K197008	19	09/27/82	01/27/83
		MO197	ST CLAIR MULTI-COUNTY PHA	MO16K197009	21	09/27/82	01/27/83
		MO204	LAFAYETTE MULTICOUNTY PHA	MO16K204001	22	09/21/79	03/31/80
		MO210	LIBERTY PHA	MO16K210001	13	06/26/80	02/27/81
		MO210	LIBERTY PHA	MO16K210002	10	04/24/81	11/13/81
		MO215	JASPER MULTI-COUNTY PHA	MO16K215001	28	09/21/79	05/29/80
		MO215	JASPER MULTI-COUNTY PHA	MO16K215002	16	06/26/80	09/23/80
		MO219	ABCD PHA	MO16K219001	1	07/29/80	10/17/80
		MO219	ABCD PHA	MO16K219002	13	07/29/80	10/17/80
	TOTAL			39	1,471		
	MO ST. LOUIS	MO001	ST LOUIS CITY HA	MO36K001001	91	09/13/79	
		MO001	ST LOUIS CITY	MO36K001002	245	09/28/79	04/30/80
		MO001	ST LOUIS CITY	MO36K001003	84	06/19/81	09/28/81
		MO001	ST LOUIS CITY	MO36K001004	382	08/31/83	01/06/84
		MO004	ST LOUIS COUNTY	MO36K004001	111	03/05/79	03/18/80
		MO004	ST LOUIS COUNTY	MO36K004002	225	07/02/80	02/24/81
		MO004	ST LOUIS COUNTY	MO36K004003	162	06/19/81	09/24/81
		MO004	ST LOUIS COUNTY	MO36K004004	53	09/29/82	02/11/83
		MO004	ST LOUIS COUNTY	MO36K004005	126	08/31/83	11/23/83
		MO004	ST LOUIS COUNTY	MO36K004006	245	09/30/83	02/24/84
		MO009	JEFFERSON CITY	MO36K009001	2	06/30/80	02/24/81
		MO018	KENNETT	MO36K018001	6	09/21/79	06/27/80
		MO036	CARUTHERSVILLE	MO36K036001	25	09/20/79	05/28/80
		MO036	CARUTHERSVILLE	MO36K036002	10	09/24/82	12/15/82
		MO060	MOUNTAIN GROVE	MO36K060001	21	09/20/79	01/10/80
		MO145	KIRKSVILLE	MO36K145001	12	06/30/80	02/24/81
		MO145	KIRKSVILLE	MO36K145002	3	06/16/81	09/30/81
		MO149	ROLLA HA	MO36K149001	8	06/30/80	
		MO198	BOONE COUNTY COURT	MO36K198001	13	09/11/79	05/30/80
		MO198	BOONE COUNTY COURT	MO36K198002	18	09/11/79	05/30/80
		MO198	BOONE COUNTY COURT	MO36K198003	16	07/08/80	02/27/81
		MO198	BOONE COUNTY COURT	MO36K198004	29	07/02/80	02/04/81
		MO199	LINCOLN COUNTY COURT	MO36K199001	21	09/11/79	07/16/80
		MO199	LINCOLN COUNTY COURT	MO36K199002	17	08/12/80	01/05/81
		MO200	SCOTLAND COUNTY COURT	MO36K200001	15	09/11/79	03/31/80
		MO200	SCOTLAND COUNTY COURT	MO36K200002	14	06/30/80	12/31/80
		MO200	SCOTLAND COUNTY COURT	MO36K200003	16	05/27/81	10/08/81

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		M0200	SCOTLAND COUNTY COURT	M036K200004	19	09/28/82	04/01/83
		M0203	ST FRANCOIS COUNTY COURT	M036K203001	42	09/21/79	12/02/81
		M0203	ST FRANCOIS COUNTY COURT	M036K203002	27	07/02/80	12/16/80
		M0203	ST FRANCOIS COUNTY COURT	M036K203003	10	05/19/81	10/21/81
		M0203	ST FRANCOIS COUNTY COURT	M036K203004	20	09/28/82	06/02/83
		M0206	PHELPS COUNTY COURT	M036K206001	5	06/30/80	09/25/80
		M0212	RIPLEY COUNTY PHA	M036K212001	19	09/17/79	
		M0212	RIPLEY COUNTY COURT	M036K212002	12	06/25/81	11/02/81
	TOTAL			35	2,130		
	NEBR OMAHA	NE001	OMAHA HA	NE26K001001	21	09/17/79	04/21/80
		NE001	OMAHA HA	NE26K001002	89	06/23/80	08/22/80
		NE002	LINCOLN HA	NE26K002001	47	03/25/79	04/21/80
		NE025	DAVID CITY HA	NE26K025001	16	08/26/81	
		NE078	SCOTTS BLUFF COUNTY HA	NE26K078001	54	06/23/80	11/20/80
		NE078	SCOTTSBLUFF COUNTY HA	NE26K078002	46	09/23/81	11/30/81
		NE125	NORTH PLATTE HA	NE26K125001	25	08/27/79	04/18/80
		NE125	NORTH PLATTE HA	NE26K125002	13	06/23/80	08/25/80
		NE150	HASTINGS HA	NE26K150001	30	08/31/79	04/16/80
		NE150	HASTINGS HA	NE26K150002	54	06/30/81	08/02/82
	TOTAL			10	395		
TOTAL				112	4,897		
8	COLO DENVER	C0001	DENVER	C099K001001	94	09/19/79	01/11/80
		C0001	DENVER	C099K001002	138	03/28/80	02/24/81
		C0001	DENVER	C099K001003	7	06/19/81	04/13/82
		C0002	PUEBLO	C099K002001	63	09/07/79	03/04/80
		C0002	PUEBLO	C099K002002	50	03/28/80	10/31/80
		C0002	PUEBLO	C099K002003	18	06/19/81	02/26/82
		C0028	COLORADO SPRINGS	C099K028001	25	09/29/84	04/22/85
		C0035	GREELEY	C099K035002	50	03/28/80	
		C0041	FORT COLLINS	C099K041001	38	09/26/79	12/31/79
		C0049	LAKEWOOD	C099K049001	50	09/14/79	
		C0051	GRAND JUNCTION	C099K051001	1	03/28/80	[illegible]/07/80
		C0094	COLORADO HSG FINANCE AUTH	C099K052001	235	07/01/81	
		C0094	COLORADO HSG FINANCE AUTH	C099K094001	282	07/01/81	04/13/83
		C0094	COLORADO HSG FINANCE AUTH	C099K094002	164	09/30/82	07/15/83
		C0094	COLORADO HSG FINANCE AUTH	C099K094003	280	08/15/83	
		C0094	COLORADO HSG FINANCE AUTH	C099K094004	176	06/26/84	04/16/85

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		CO094	COLORADO HSG FINANCE AUTH	CO99K094005	60	09/21/84	04/16/85
		CO094	COLORADO HSG FINANCE AUTH	CO99K094006	167	07/30/85	
		MT032	MONTANA DEPT OF COMMERCE	MT99K032001	105	09/07/79	04/10/80
		MT032	MONTANA DEPT OF COMMERCE	MT99K032002	78	09/07/79	04/10/80
		MT032	MONTANA DEPT OF COMMERCE	MT99K032003	44	03/28/80	0'/25/80
		MT032	MONTANA DEPT OF COMMERCE	MT99K032004	157	03/28/80	0'/25/80
		MT032	MONTANA DEPT OF COMMERCE	MT99K032005	26	08/20/81	0'/28/82
		MT032	MONTANA DEPT OF COMMERCE	MT99K032006	80	06/20/81	0'/28/82
		MT032	MONTANA DEPT OF COMMERCE	MT99K032007	53	09/30/82	1:/09/82
		MT032	MONTANA DEPT OF COMMERCE	MT99K032009	40	08/31/83	
		MT032	MONTANA DEPT OF COMMERCE	MT99K032010	56	09/30/83	
		MT032	MONTANA DEPT OF COMMERCE	MT99K032013	60	09/26/84	04/22/85
		ND056	INDUSTRIAL COMM-NO DAK	ND99K056001	80	09/30/81	0:/01/82
		ND056	INDUSTRIAL COMM-NO DAK	ND99K056002	25	09/30/81	0:/01/82
		ND056	INDUSTRIAL COMM-NO DAK	ND99K056003	67	09/30/82	1:/08/82
		ND056	INDUSTRIAL COMM-NO DAK	ND99K056004	14	09/30/82	1:/08/82
		ND056	INDUSTRIAL COMM-NO DAK	ND99K056005	18	08/11/83	
		ND056	INDUSTRIAL COMM-NO DAK	ND99K056006	182	08/11/83	
		ND056	ND HOUSING FINANCE AGENCY	ND99K056008	12	09/27/85	
		SD016	SIOUX FALLS	SD99K016001	12	09/25/79	0:/27/81
		SD052	SOUTH DAKOTA HSG DEV AUTH	SD99K052001	100	08/31/79	0'/11/80
		SD052	SOUTH DAKOTA HSG DEV AUTH	SD99K052002	45	08/31/79	0'/11/80
		SD052	SOUTH DAKOTA HSG DEV AUTH	SD99K052003	153	04/10/80	0:/05/80
		SD052	SOUTH DAKOTA HSG DEV AUTH	SD99K052004	74	04/10/80	06/05/80
		SD052	SOUTH DAKOTA HSG DEV AUTH	SD99K052005	13	09/23/81	1:/29/81
		SD052	SOUTH DAKOTA HSG DEV AUTH	SD99K052006	88	08/20/81	1:/29/81
		SD052	SOUTH DAKOTA HSG DEV AUTH	SD99K052007	100	08/15/83	0'/05/84
		UT002	OGDEN	UT99K002001	68	09/29/84	0'/23/85
		UT003	SALT LAKE COUNTY	UT99K003001	58	03/28/80	0:/23/81
		UT003	SALT LAKE COUNTY	UT99K003002	47	09/21/83	
		UT004	SALT LAKE CITY	UT99K004001	71	08/31/79	0'/11/80
		UT004	SALT LAKE CITY	UT99K004002	29	03/28/80	0:/30/80
		UT004	SALT LAKE CITY	UT99K004003	14	06/18/81	
		UT004	SALT LAKE CITY	UT99K004004	150	11/19/84	0:/19/85
	TOTAL			50	4,017		
TOTAL				50	4,017		
9	HONOLULU OFFICE	GQ001	GHURA	GQ10K001001	70	08/22/79	0:/18/80
		GQ001	GHURA	GQ10K001002	5	05/23/80	0'/15/80
		HI003	DEPT OF HSG & COMM DEV	HI10K003001	33	08/22/79	0:/08/80

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		HI003	DHCD	HI10K003002	41	08/03/81	01/05/82
		HI003	DHCD	HI10K003003	25	04/19/85	
	TOTAL			8	174		
	LOS ANGELES OFFICE	CA002	LOS ANGELES COUNTY	CA16K002001	322	08/23/79	05/22/80
		CA002	LOS ANGELES COUNTY	CA16K002002	485	08/25/80	02/26/81
		CA002	LOS ANGELES COUNTY	CA16K002003	250	07/21/81	09/10/82
		CA002	LOS ANGELES COUNTY HA	CA16K002004	120	08/05/83	04/16/84
		CA004	LOS ANGELES CITY HA	CA16K004001	303	08/23/79	09/30/80
		CA004	LOS ANGELES CITY HA	CA16K004002	225	07/06/81	10/09/81
		CA008	KERN COUNTY	CA16K008001	29	08/15/80	02/13/81
		CA008	KERN COUNTY	CA16K008002	52	07/10/81	01/18/82
		CA019	SAN BERNARDINO COUNTY	CA16K019001	88	08/23/79	05/09/80
		CA019	SAN BERNARDINO COUNTY	CA16K019002	68	08/19/80	02/18/81
		CA021	SANTA BARBARA COUNTY	CA16K021001	21	08/19/80	02/25/81
		CA027	RIVERSIDE COUNTY	CA16K027001	79	08/23/79	10/06/80
		CA027	RIVERSIDE COUNTY	CA16K027002	31	08/15/80	02/26/81
		CA027	RIVERSIDE COUNTY	CA16K027003	25	07/06/81	06/09/82
		CA027	COUNTY OF RIVERSIDE HA	CA16K027006	144	09/29/83	03/15/84
		CA031	CITY OF OXNARD	CA16K031001	75	08/23/79	06/26/80
		CA031	CITY OF OXNARD	CA16K031002	66	09/15/80	01/20/81
		CA031	CITY OF OXNARD	CA16K031003	65	08/14/81	05/12/82
		CA031	CITY OF OXNARD HA	CA16K031004	8	08/05/83	
		CA047	COUNTY OF IMPERIAL HA	CA16K047001	50	09/30/83	11/07/84
		CA063	CITY OF SAN DIEGO	CA16K063001	207	08/23/79	05/05/80
		CA063	CITY OF SAN DIEGO	CA16K063002	77	08/15/80	02/26/81
		CA063	CITY OF SAN DEIGO HA	CA16K063003	150	08/05/83	04/09/84
		CA063	CITY OF SAN DIEGO HSG COM	CA16K063005	86	04/16/85	
		CA068	CITY OF LONG BEACH	CA16K068001	13	08/23/79	08/20/80
		CA079	CITY OF PASADENA	CA16K079001	20	07/10/81	03/30/82
		CA092	VENTURA CO AREA HA	CA16K092001	9	07/06/81	04/01/82
		CA093	CITY OF SANTA ANA	CA16K093001	68	08/23/79	09/11/80
		CA093	CITY OF SANTA ANA HA	CA16K093002	8	08/05/83	04/16/84
		CA094	ORANGE COUNTY	CA16K094001	12	08/23/79	06/12/80
		CA094	ORANGE COUNTY	CA16K094002	13	08/15/80	02/23/81
		CA094	ORANGE COUNTY	CA16K094003	1	07/06/81	06/02/82
		CA094	ORANGE COUNTY	CA16K094004	4	07/10/81	05/02/82
		CA102	CITY OF GARDEN GROVE	CA16K102001	22	07/06/81	04/28/82
		CA102	GARDEN GROVE HA	CA16K102002	8	08/05/83	01/11/84
		CA104	CITY OF ANAHEIM	CA16K104001	110	08/23/79	09/23/80

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		CA104	CITY OF ANAHEIM	CA16K104002	99	08/19/80	09/23/80
		CA104	CITY OF ANAHEIM HA	CA16K104003	65	07/08/81	01/19/82
		CA104	ANAHEIM HA	CA16K104004	9	08/05/83	08/31/84
		CA108	SAN DIEGO COUNTY	CA16K108001	62	08/21/80	02/26/81
		CA108	SAN DIEGO COUNTY	CA16K108002	9	07/08/81	12/08/81
		CA108	COUNTY OF SAN DIEGO HA	CA16K108003	82	09/30/83	03/05/84
		CA114	GLENDALE HA	CA16K114001	10	08/05/83	
		CA117	CITY OF PICO RIVERA	CA16K117001	0	07/21/81	01/06/82
		CA119	CITY OF SOUTH GATE	CA16K119001	14	08/15/80	
		CA120	CITY OF BALDWIN PARK	CA16K120001	18	08/14/81	03/03/82
		CA121	CITY OF TORRANCE	CA16K121001	0	09/25/80	02/26/81
		CA121	C OF TORRANCE	CA16K121002	0	07/10/81	03/30/82
		CA123	CITY OF POMONA	CA16K123001	22	08/23/79	04/23/80
		CA123	CITY OF POMONA	CA16K123002	28	07/21/81	12/18/81
		CA126	CITY OF HAWTHORNE	CA16K126001	20	08/15/80	02/27/81
		CA126	CITY OF HAWTHORNE	CA16K126002	6	07/06/81	01/06/82
		CA126	CITY OF HAWTHORNE	CA16K126003	19	09/27/82	06/17/83
		CA126	CITY OF HAWTHORNE	CA16K126004	7	08/05/83	12/19/83
		CA132	CITY OF OCEANSIDE	CA16K132001	0	09/12/80	02/26/81
	TOTAL			55	3,784		
	PHOENIX OFFICE	AZ001	CITY OF PHOENIX	AZ20K001001	12	08/23/79	05/13/80
		AZ001	CITY OF PHOENIX	AZ20K001002	57	08/19/80	06/05/81
		AZ001	CITY OF PHOENIX HUR	AZ20K001003	15	08/01/83	03/30/84
		AZ003	CITY OF GLENDALE	AZ20K003001	51	08/19/80	03/12/81
		AZ003	GLENDALE HA	AZ20K003002	67	08/02/83	01/16/84
		AZ004	CITY OF TUCSON	AZ20K004001	51	08/15/80	03/25/81
		AZ004	CITY OF TUCSON	AZ20K004002	42	08/02/83	02/16/84
		AZ005	CITY OF MESA	AZ20K005001	97	08/23/79	03/18/80
		AZ005	HA OF CITY OF MESA	AZ20K005002	23	09/28/82	01/17/83
		AZ023	NOGALES PHA	AZ20K023001	80	09/30/83	01/30/84
		AZ035	CITY OF YUMA H A	AZ20K035001	9	07/14/81	10/01/81
	TOTAL			11	504		
	SACRAMENTO OFFICE	CA005	CITY OF SACRAMENTO	CA30K005001	19	09/24/79	09/30/80
		CA005	CITY OF SACRAMENTO	CA30K005002	37	06/25/80	09/30/80
		CA007	SACRAMENTO COUNTY	CA30K007002	42	06/25/80	01/21/81
		CA007	SACTO HOUS & REDEVELOPMEN	CA30K007003	8	06/25/81	11/16/81
		CA024	SAN JOAQUIN COUNTY	CA30K024001	0	09/24/79	04/23/80

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		CA043	BUTTE COUNTY	CA30K043001	80	09/25/80	02/20/81
		CA044	YOLO COUNTY	CA30K044002	0	06/25/80	12/18/80
		CA044	YOLO COUNTY	CA30K044003	0	06/25/81	09/30/81
		CA070	PLUMAS COUNTY	CA30K070001	50	09/25/80	02/26/81
		CA106	CITY OF REDDING	CA30K106001	48	09/24/79	03/25/80
		CA106	CITY OF REDDING	CA30K106002	60	06/25/80	01/13/81
		CA106	CITY OF REDDING	CA30K106003	51	06/25/81	09/30/81
		CA106	REDDING HOUSING AUTHORITY	CA30K106004	20	09/20/82	04/26/83
		CA106	CITY OF REDDING HA	CA30K106005	48	07/26/83	10/24/83
		CA112	STATE OF CALIFORNIA	CA30K112001	67	09/24/79	05/16/80
		CA112	STATE OF CALIFORNIA	CA30K112004	20	09/29/80	02/20/81
		CA128	CITY OF ROSEVILLE	CA30K128002	0	06/25/80	02/26/81
	TOTAL			17	550		
	SAN FRANCISCO OFFICE	CA001	CITY/COUNTY SAN FRANCISCO	CA39K001001	71	09/26/79	03/30/81
		CA001	SAN FRANCISCO	CA39K001002	41	07/01/81	02/23/82
		CA003	CITY OF OAKLAND	CA39K003001	160	09/26/79	12/11/80
		CA003	CITY OF OAKLAND	CA39K003002	74	09/02/80	01/11/81
		CA003	OAKLAND HOUSING AUTH	CA39K003003	259	09/28/81	01/26/82
		CA006	CITY OF FRESNO	CA39K006001	43	09/27/79	07/30/80
		CA006	CITY OF FRESNO	CA39K006002	92	03/26/80	11/05/80
		CA006	FRESNO CITY	CA39K006003	20	07/25/83	12/21/83
		CA010	CITY OF RICHMOND	CA39K010001	13	09/25/79	09/18/80
		CA011	CONTRA COSTA COUNTY	CA39K011001	91	03/26/80	09/30/80
		CA011	CONTRA COSTA COUNTY	CA39K011002	44	09/16/82	01/26/83
		CA011	CONTRA COSTA COUNTY	CA39K011004	100	09/30/83	12/08/83
		CA014	SAN MATEO COUNTY	CA39K014001	148	09/29/84	06/12/85
		CA026	STANISLAUS COUNTY	CA39K026001	50	09/26/79	02/19/81
		CA026	STANISLAUS COUNTY	CA39K026002	9	03/26/80	02/19/81
		CA026	STANISLAUS COUNTY	CA39K026003	47	06/15/81	11/03/81
		CA028	FRESNO COUNTY	CA39K028001	24	09/27/79	08/07/80
		CA028	FRESNO COUNTY	CA39K028002	0	03/26/80	11/05/80
		CA030	TULARE COUNTY	CA39K030001	88	09/27/79	07/30/80
		CA030	TULARE COUNTY	CA39K030002	8	09/02/80	01/02/81
		CA030	TULARE COUNTY	CA39K030003	53	04/08/85	06/24/85
		CA033	MONTEREY COUNTY	CA39K033001	74	03/26/80	01/12/81
		CA033	MONTEREY COUNTY	CA39K033002	26	06/15/81	10/09/81
		CA052	MARIN COUNTY	CA39K052001	33	03/26/80	01/28/81
		CA055	CITY OF VALLEJO	CA39K055001	73	09/26/79	
		CA056	CITY OF SAN JOSE	CA39K056001	39	09/25/79	08/05/80

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		CA056	CITY OF SAN JOSE	CA39K056002	0	05/30/80	12/31/80
		CA056	SANTA CLARA COUNTY	CA39K056003	34	07/01/81	04/14/82
		CA059	SANTA CLARA COUNTY	CA39K059001	0	09/25/79	08/05/80
		CA059	SANTA CLARA COUNTY	CA39K059002	60	09/02/80	12/31/80
		CA059	SANTA CLARA	CA39K059003	4	07/01/81	04/14/82
		CA065	CITY OF FAIRFIELD	CA39K065001	53	03/26/80	06/12/81
		CA065	FAIRFIELD CITY	CA39K065002	18	05/28/81	01/29/82
		CA065	FAIRFIELD	CA39K065003	21	07/25/83	02/27/84
		CA067	ALAMEDA COUNTY	CA39K067001	73	09/25/79	09/02/80
		CA067	ALAMEDA COUNTY	CA39K067002	20	07/25/83	01/05/84
		CA072	SANTA CRUZ COUNTY	CA39K072001	88	09/25/79	08/04/80
		CA072	SANTA CRUZ COUNTY	CA39K072002	100	07/22/82	08/25/82
		CA072	SANTA CRUZ COUNTY	CA39K072003	32	07/25/83	02/13/84
		CA073	NAPA	CA39K073001	21	05/26/81	06/12/81
		CA073	NAPA CITY	CA39K073002	14	09/16/82	04/12/83
		CA084	MENDOCINO COUNTY	CA39K084001	39	03/26/80	01/20/81
		CA084	MENDOCINO COUNTY	CA39K084002	4	06/23/81	12/28/81
		CA084	MENDOCINO COUNTY	CA39K084003	15	09/16/82	03/03/83
		CA084	CDC MENDOCINO	CA39K084004	41	07/25/83	12/21/83
		CA085	SONOMA COUNTY	CA39K085001	38	06/30/81	12/28/81
		CA085	SONOMA COUNTY	CA39K085002	19	09/16/82	01/31/83
		CA085	SONOMA COUNTY	CA39K085003	20	07/25/83	02/06/84
		CA088	CITY OF SANTA ROSA	CA39K088001	44	09/26/79	12/12/79
		CA088	CITY OF SANTA ROSA	CA39K088002	18	09/02/80	02/27/81
		CA112	STATE HCD	CA39K112001	13	08/05/83	02/02/84
		CA122	CITY OF HOLLISTER	CA39K122001	0	03/26/80	09/23/81
		NV001	CITY OF RENO	NV39K001001	50	09/25/79	08/28/80
		NV001	CITY OF RENO	NV39K001002	44	09/02/80	12/31/80
		NV007	CITY OF NORTH LAS VEGAS	NV39K007001	36	05/30/80	07/08/81
		NV021	NEVADA STATE RURAL HA	NV39K021001	0	09/25/79	11/13/80
	TOTAL			56	2,594		
TOTAL				144	7,606		
10	ALASKA ANCHORAGE	AK102	ASHA	AK02K102001	13	09/05/79	
		AK102	ASHA	AK02K102002	48	09/05/79	
		AK104	TLINGIT-HAIDA	AK02K104001	46	09/19/79	04/08/80
		AK104	TLINGIT-HAIDA	AK02K104002	15	09/26/79	04/08/80
	TOTAL			4	122		

DHUD/HISD
SPECIAL REQUEST #402-4021A
PREPARED 10/29/85

SECTION 8
CUMULATIVE MOD-REHAB. RESERVED PROJECTS BY PHA

AS OF 09/30/85

REGION	FIELD OFFICE NAME	PHA NUMBER	PHA NAME	PROJECT NUMBER	TOTAL UNITS	RESERV DATE	ACC EXEC. DATE
OREG	PORTLAND	ID020	IDAHO HOUSING AGENCY	ID16K020001	56	09/19/79	01/19/81
		ID020	IDAHO HOUSING AGENCY	ID16K020002	50	09/16/80	03/04/81
		ID020	IDAHO HOUSING AGENCY	ID16K020003	14	[illegible]/80	03/04/81
		OR001	CLACKAMAS COUNTY HA	OR16K001001	35	[illegible]8/80	02/09/81
		OR002	PORTLAND HA	OR16K002001	44	09/17/80	
		OR002	PORTLAND HA	OR16K002002	248	09/30/80	09/09/82
		OR002	HA OF PORTLAND	OR16K002003	78	04/24/85	07/23/85
		OR006	LANE COUNTY HA	OR16K006001	30	09/24/80	02/26/81
		OP008	POLK COUNTY HA	OR16K008001	45	09/29/82	04/01/83
		OR008	HA OF POLK COUNTY	OR16K008002	10	06/18/85	
		OR011	SALEM HA	OR16K011001	72	09/24/79	06/27/80
		OR011	SALEM HA	OR16K011002	41	09/02/80	02/27/81
		OR014	MARION COUNTY HA	OR16K014001	13	09/30/83	02/13/84
		OR015	JACKSON COUNTY HA	OR16K015001	111	09/30/83	03/01/84
		OR019	LINN-BENTON HA	OR16K019001	31	09/02/80	03/04/81
		OR019	LINN-BENTON HA	OR16K019002	20	09/30/82	01/11/83
		OR019	LINN-BENTON HA	OR16K019003	35	09/30/83	03/09/84
		OR020	COOS-CURRY HA	OR15K020002	48	09/30/83	04/01/84
		OR020	COOS CURRY HA	OR16K020003	15	09/30/85	
		OR022	WASHINGTON COUNTY HA	OR16K022001	71	09/20/79	06/09/80
		OR022	WASHINGTON COUNTY HA	OR16K022002	33	08/04/80	12/18/80
		OR025	MID-COLUMBIA HA	OR16K025001	61	09/21/79	
		OR028	NW OREGON HA	OR16K028001	30	09/02/80	03/04/81
		OR028	NW OREGON HA	OR16K028002	70	09/30/83	03/09/84
		OR031	JOSEPHINE HSG COMM DEV	OR16K031001	37	08/18/80	01/02/81
		OR031	JOSEPHINE HSG COMM DEV	OR16K031002	23	06/30/81	09/28/81
		WA008	VANCOUVER HA	WA16K008001	54	09/24/79	07/11/80
		WA008	VANCOUVER HA	WA16K008002	23	05/17/85	
TOTAL				28	1,398		
WASH	SEATTLE	WA001	SEATTLE HA	WA19K001001	19	08/31/79	02/27/80
		WA001	SEATTLE HA	WA19K001002	111	06/16/80	12/04/80
		WA001	SEATTLE HA	WA19K001003	62	06/03/81	
		WA002	KING COUNTY HA	WA19K002001	53	09/11/79	
		WA003	BREMERTON HA	WA19K003001	47	09/18/79	04/30/80
		WA003	BREMERTON HA	WA19K003002	16	09/22/80	
		WA005	TACOMA HA	WA19K005001	20	09/07/79	08/21/80
		WA021	PASCO HA	WA19K021002	60	09/15/80	12/19/80
		WA025	BELLINGHAM HA	WA19K025001	74	06/23/80	07/23/81
		WA025	BELLINGHAM HA	WA19K025002	22	09/30/82	01/19/83

DHUD/HISC
SPECIAL REQUEST #402-4021A
PREPARED 10/29/85

EXHIBIT 2

Page No. 1
02/27/86

FISCAL YEAR 1986 FUNDING ACTIONS FOR SECTION 8 MODERATE REHABILITATION UNITS

PREPARED BY THE FUNDING CONTROL DIVISION

PROJECT OR PUBLIC HOUSING AGENCY NAME	UNITS FUNDED	CONTRACT AUTHORITY	BUDGET AUTHORITY	PROGRAM	SUB-PROG	DATE ISSUED	LOCATION
** REGION BOSTON							
* OFFICE BOSTON							
MASSACHUSETTS EOCD	150	969840	14547600	MOD REH	MA	11/20/85	LOWELL, MA
* Subsubtotal *							
	150	969840	14547600				
** Subtotal **							
	150	969840	14547600				
** REGION NEW YORK							
* OFFICE CARIBBEAN							
CITY OF BAYAMON	180	767232	11508480	MOD REH	MA	11/20/85	BAYAMON, PR
* Subsubtotal *							
	180	767232	11508480				
** Subtotal **							
	180	767232	11508480				
** REGION PHILADELPHIA							
* OFFICE PHILADELPHIA							
PHILADELPHIA HA	13	75255	1128825	MOD REH	MA	11/15/85	PHILADELPHIA, PA
* Subsubtotal *							
	13	75255	1128825				
** Subtotal **							
	13	75255	1128825				
** REGION ATLANTA							
* OFFICE JACKSONVILLE							
CITY OF MIAMI BEACH	131	971496	14572440	MOD REH	MA	11/20/85	MIAMI BEACH, FL
METRO DADE CO DHUD	266	1687599	25313985	MOD REH	MA	12/02/85	DADE COUNTY, FL
METRO DADE DHUD	24	134784	2021760	MOD REH	MA	12/13/85	DADE COUNTY, FL
* Subsubtotal *							
	421	2793879	41908185				
** Subtotal **							
	421	2793879	41908185				
** REGION CHICAGO							
* OFFICE CHICAGO							
CHICAGO HSG AUTH	200	1500480	22507200	MOD REH	MA	11/15/85	CHICAGO, IL
* Subsubtotal *							
	200	1500480	22507200				

FISCAL YEAR 1986 FUNDING ACTIONS FOR SECTION 8
MODERATE REHABILITATION UNITS

PREPARED BY THE FUNDING CONTROL DIVISION

PROJECT OR PUBLIC HOUSING AGENCY NAME	UNITS FUNDED	CONTRACT AUTHORITY	BUDGET AUTHORITY	PROGRAM	SUB-PROG	DATE ISSUED	LOCATION
** Subtotal **							
	200	1500480	22507200				
** REGION DENVER							
* OFFICE DENVER							
HA CITY OF PUEBLO	50	262800	3942000	MOD REH	NA	11/15/85	PUEBLO, CO
ND HSG FIN AGENCY	100	487440	7311600	MOD REH	NA	12/05/85	FARGO, ND
ND HSG FIN AGENCY	-20	-107424	-1611360	MOD REH	NA	02/24/86	FARGO, ND
WYOMING COM DEV AUTH	20	107424	1611360	MOD REH	NA	02/24/86	CASPER, WY
* Subsubtotal *							
	150	750240	11253600				
** Subtotal **							
	150	750240	11253600				
*** Total ***							
	1114	6856926	102853890				

ment to Guaranty Mortgage-backed Securities.

(c) The notification will include a statement that the proceeds of the sale of the obligations will be used to purchase the mortgage-backed securities.

§ 811.211 Delivery of proceeds and final endorsement.

(a) The proceeds of the sale of the obligations will be delivered to the trustee.

(b) In addition to the required HUD documentation prior to final endorsement, the owner will submit a certified statement of the amounts included in the mortgage that were expended for cost of issuance, and the financing agency and trustee will submit a certified statement of investment income earned, interest payments made during the escrow period and of the disposition of any investment income. Records of this cost data will be available to HUD upon request.

PART 812—DEFINITION OF FAMILY AND OTHER RELATED TERMS; OCCUPANCY BY SINGLE PERSONS

Sec.

812.1 Purpose and scope.

812.2 Definitions.

812.3 Authorization to admit single persons.

812.4 Effect of authorization on contract provisions.

AUTHORITY: Sec. 2(f) of Housing Authorization Act of 1976 (42 U.S.C. 1437a); sec. 7(d), Department of HUD Act (42 U.S.C. 3535(d)), unless otherwise noted.

SOURCE: 42 FR 23582, May 9, 1977, unless otherwise noted.

§ 812.1 Purpose and scope.

The purpose of this part is to establish a definition of the term Family and other related terms applicable to all housing assisted under the United States Housing Act of 1937 (the Act). In addition, this part prescribes criteria and procedures for occupancy in low-income and lower income housing projects assisted under the Act by Single Persons who are not otherwise eligible by reason of qualification as an Elderly Family or Displaced Person or as the remaining member of a tenant family. This part also incorporates the statutory 15 percent limitation. (See § 812.3(f)) This part is applicable to all housing assisted under the Act.

[47 FR 38283, Aug. 31, 1982]

§ 812.2 Definitions.

The following definitions shall be applicable to all housing assisted under the Act:

(a) *Disabled person.* "Disabled Person" means a person who is under a disability as defined in Section 223 of the Social Security Act (42 U.S.C. 423) or in Section 102(b)(5) of the Developmental Disabilities Services and Facilities Construction Amendments of 1970 (42 U.S.C. 6001(7)).

(b) *Displaced person.* "Displaced Person" means a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

(c) *Elderly family.* "Elderly Family" means a family whose head or spouse or whose sole member is at least sixty-two years of age, or a Disabled Person as defined in this section or a Handicapped Person as defined in this section, and may include two or more elderly, Disabled or Handicapped Persons living together, or one or more such persons living with another person who is determined to be essential to his or her care and well being.

(d) *Family.* (1) "Family" includes but is not limited to (i) an Elderly Family or Single Person as defined in this part, (ii) the remaining member of a tenant family, and (iii) a Displaced Person.

(2) "Family" does not include a nonimmigrant student-alien, as defined in this section, provided, however, that if such alien was a tenant in housing assisted under the United States Housing Act of 1937 (hereafter "Act") and was receiving assistance on November 17, 1981, such assistance may be continued during the current term of the lease of such alien. When the lease of a nonimmigrant student-alien assisted under the Act, other than one occupying public housing as defined in the

EXHIBIT 3

Public Law 98-371
98th Congress

An Act

Making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1985, and for other purposes.

July 18, 1984
[H.R. 5713]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1985, and for other purposes, namely:

Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1985

TITLE I

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

The amount of contracts for annual contributions, not otherwise provided for, as authorized by section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c), and heretofore approved in appropriations Acts, is increased by $847,524,808: *Provided,* That $11,215,073 of such contract authority shall be available only for contracts using contract authority released by Acts of Congress prior to 1976: *Provided further,* That the budget authority obligated under contracts for annual contributions shall be increased above amounts heretofore provided in appropriation Acts by $10,759,482,775: *Provided further,* That of the budget authority provided herein, $812,760,000 shall be for assistance in financing the development or acquisition cost of public housing for Indian families; $1,725,000,000 shall be for modernization of existing public housing projects pursuant to section 14 of such Act (42 U.S.C. 1437l), 42 USC 1437l of which (a) $75,000,000 shall be for the modernization of vacant uninhabitable dwelling units in vacant buildings located in public housing projects, pursuant to section 14 of such Act, other than section 14(f) of such Act and other than projects for which budget 97 Stat 1185 authority for this purpose was reserved or obligated during fiscal years 1983 or 1984, and (b) $100,000,000 shall be made available for modernization under such section 14, other than section 14(f) of such Act, through June 30, 1985, and any balances of such authority remaining unreserved after such date shall only be available for the section 8 existing housing program utilizing a term of one hundred 42 USC 1437f and eighty months (42 U.S.C. 1437f); $774,287,500 shall be for assistance payments in the housing voucher program under section 8(o) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437f); 97 Stat 1181 $1,709,040,000 shall be for assistance for projects developed for the elderly or handicapped under section 202 of the Housing Act of 1959, as amended (12 U.S.C. 1701q); and, $2,620,687,500 shall be for the section 8 existing housing program (42 U.S.C. 1437f); $419,250,000 shall be for the section 8 moderate rehabilitation program (42 U.S.C. 1437f); and $945,000,000 shall be used other than for low-income housing for Indian families for public housing new construction, notwithstanding sections 6 (h) and (i) of the United States Housing Act of 1937, as amended, or may be used for acquisition with or without rehabilitation for use as public housing if the public housing authority certifies to the Secretary of Housing and Urban Development before a reservation is made, that comparable dwelling units exist which may be used for its public housing program: *Provided further*, That the Secretary shall not approve the use of any of the budget authority provided herein (except such amounts as are provided for in the third proviso of this paragraph), or reserved and obligated in years prior to fiscal year 1985, for assistance under the housing voucher program authorized under section 8(o) of the United States Housing Act of 1937, as amended: *Provided further*, That any balances of authorities made available prior to the enactment of this Act which are or become available for obligation in fiscal year 1985 shall be added to and merged with the authority approved herein, and such merged amounts shall be made subject only to terms and conditions of law applicable to authorizations becoming available in fiscal year 1985: *Provided further*, That none of the merged amounts available for obligation in 1985 shall be subject to the provisions of section 218(d) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 1439): *Provided further*, That all amounts of budget authority equal to the amounts of such budget authority which are recaptured during fiscal year 1985 shall be rescinded.

97 Stat. 1177.
42 USC 1437d.

97 Stat. 1181.

97 Stat. 1175.

The paragraph under the heading "ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING" in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1984 (Public Law 98–45, 97 Stat. 219, 220), as amended by section 127 of Public Law 98-151, making further continuing appropriations for fiscal year 1984 (97 Stat. 964, 980), is further amended by (a) deleting "$1,550,000,000" in the second proviso and inserting in lieu thereof "$1,612,982,000"; (b) striking out in the seventh proviso thereof the second citation to section 1437f of title 42, United States Code (including the parentheses), and inserting in lieu thereof the following: ", $261,675,000 of budget authority shall only be made available for the section 8 voucher program (section 8(o) of the United States Housing Act of 1937, as added by section 207 of the Housing and Urban-Rural Recovery Act of 1983, Public Law 98–181, 97 Stat. 1153, 1155, 1181), including payment of fees to Public Housing Agencies"; (c) deleting, in the clause numbered (1) in the ninth proviso, "shall not become available until March 31, 1984, and at such time", and in that clause deleting "such heading" and inserting in lieu thereof "this heading"; (d) deleting "$2,217,150,000" in the seventh and ninth provisos and inserting in each such proviso in lieu thereof "$3,820,320,000"; and (e) deleting the period at the end thereof and inserting a colon in lieu thereof and the following: "*Provided further*, That, notwithstanding any proviso hereof, any amounts of budget authority recaptured and becoming available for obligation in fiscal year 1984 in excess of $2,500,000,000 shall be made available only for use under section 14 of the United States Housing Act of 1937, as amended: *Provided further*, That the amount of contracts for annual contributions, not otherwise provided for, as authorized

42 USC 1437*l*.

Public Law 99-160
99th Congress

An Act

Making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes.

Nov. 25, 1985
[H.R. 3038]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes, namely:

Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1986.

TITLE I

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Housing Programs

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

(INCLUDING RESCISSION)

The amount of contracts for annual contributions, not otherwise provided for, as authorized by section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c), and heretofore approved in appropriation Acts, is increased by $838,803,547: *Provided*, That the budget authority obligated under contracts for annual contributions shall be increased above amounts heretofore provided in appropriation Acts by $9,965,607,781: *Provided further*, That of the budget authority provided herein, $1,806,500,000 shall be for assistance in financing the development or acquisition cost of public housing, of which $327,600,000 shall be for assistance in financing the development or acquisition cost of housing for Indian families; $1,500,000,000 shall be for modernization of existing public housing projects pursuant to section 14 of such Act (42 U.S.C. 1437l); $1,616,640,000 shall be for assistance for projects developed for the elderly or handicapped under section 202 of the Housing Act of 1959, as amended (12 U.S.C. 1701q); $2,468,160,000 shall be for the section 8 existing housing program (42 U.S.C. 1437f); $922,500,000 shall be for the section 8 moderate rehabilitation program (42 U.S.C. 1437f); $75,000,000 shall be available as an appropriation of funds, to remain available until September 30, 1986, only for rental rehabilitation grants pursuant to section 17(a)(1)(A) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437o); $75,000,000 shall be available as an appropriation of funds, to remain available until September 30, 1986, only for development grants pursuant to section 17(a)(1)(B) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437o); and $851,225,000 shall be available for the housing voucher program under section 8(o) of the

42 USC 1437l.

United States Housing Act of 1937, as amended (42 U.S.C. 1437f), for use, notwithstanding the limitations in section 8(o)(1) of such Act that the Secretary conduct a demonstration, and in section 8(o)(4) of such Act that the Secretary use substantially all authority in connection with certain programs, in connection with the rental rehabilitation program under section 17 of such Act and for any other purposes as determined by the Secretary: *Provided further*, That any balances of authorities made available prior to the enactment of this Act which are or become available for obligation in fiscal year 1986 shall be added to and merged with the authority approved herein, and such merged amounts shall be made subject only to terms and conditions of law applicable to authorities becoming available in fiscal year 1986: *Provided further*, That notwithstanding the immediately preceding ("merger") proviso, notwithstanding any requirement of section 235(c)(3) of the National Housing Act, as amended, and notwithstanding the proviso in this paragraph concerning rescission of recaptured budget authority, any balances of the contract authority and budget authority provided in the Second Supplemental Appropriations Act, 1984 (Public Law 98-396, 98 Stat. 1369, 1380) for the home ownership assistance program under section 235 of the National Housing Act, as amended (12 U.S.C. 1715z), for which the Secretary has made fund reservations prior to the date of enactment of this Act shall remain available for obligation without regard to any fiscal year limitation until such reserved budget authority is expended, and the Secretary of Housing and Urban Development shall have the authority to enter new contracts for assistance payments and to insure mortgages under section 235 until such reserved budget authority is expended notwithstanding any sunset date specified in the last sentences of section 235(h)(1) and section 235(m), respectively: *Provided further*, That notwithstanding the "merger" proviso, and notwithstanding the proviso in this paragraph concerning rescission of recaptured budget authority, any amounts of budget authority heretofore made available for obligation until September 30, 1986 for rental rehabilitation grants and development grants, pursuant to section 17(a)(1) of the United States Housing Act of 1937, as amended, shall remain available until such date: *Provided further*, That none of the amounts available for obligation in 1986 shall be subject to the provisions of section 213(d) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 1439): *Provided further*, That all amounts of budget authority (and contract authority) equal to the amounts of such budget authority (and contract authority) which are recaptured during fiscal year 1986 except such amounts provided for assistance payments contracts under section 235 of the National Housing Act of 1937, and for grants under section 17(a)(1) of the United States Housing Act of 1937, shall be rescinded: *Provided further*, That section 6(b) of the United States Housing Act of 1937 is repealed: *Provided further*, That up to 20 per centum of the $978,900,000 provided herein for assistance in financing the development or acquisition cost of public housing shall be made available for major reconstruction of obsolete public housing projects.

42 USC 1437f

42 USC 1417a

12 USC 1715z

Ante, pp. 502, 815

42 USC 1417a

98 Stat. 2222

12 USC 1715z

42 USC 1417a

42 USC 1437d

EXHIBIT 4

24 CFR Part 882

[Docket No. R-82-995]

Section 8 Housing Assistance Payments Program for Moderate Rehabilitation

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Interim rule.

SUMMARY: This interim rule implements provisions of the Housing and Community Development (HCD) Amendments of 1981, and revises the existing regulations for the Section 8 Moderate Rehabilitation Program, which provides a vehicle to upgrade rental properties in their early stages of deterioration and to maintain them in standard condition, while providing rental subsidies on behalf of lower-income tenants.

DATES:

Effective Date: September 28, 1982.
Comment Due Date: October 8, 1982.

ADDRESS: Interested persons are invited to submit comments regarding this rule to the Office of General Counsel, Rules Docket Clerk, Room 10278, Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410. Communications should refer to the above docket number and title. A copy of each communication submitted will be available for public inspection during regular business hours at the above address. The final rule may reflect changes as a result of comments that are received.

FOR FURTHER INFORMATION CONTACT: Louise Kleffner, Moderate Rehabilitation Division, Room 4204, Department of Housing and Urban Development, Washington, D.C. 20410, (202) 755-5597. (This is not a toll free number.)

SUPPLEMENTARY INFORMATION: The Section 8 Moderate Rehabilitation Program was authorized by the HCD Amendments of 1978, and HUD published the program regulations in the **Federal Register** on May 4, 1979. A technical revision to the regulations concerning allocation of funds was published in the **Federal Register** on November 9, 1979. In fiscal years 1979 through 1981, funding for approximately 76,000 Moderate Rehabilitation units was approved for more than 800 Public Housing Agencies (PHAs) representing both urban and rural areas.

The Moderate Rehabilitation Program provides a vehicle to upgrade rental properties in their early stages of deterioration and maintain them in standard condition, while providing rental subsidies on behalf of lower-income tenants. State or local PHAs determine the neighborhoods in which moderate rehabilitation will be used, select owners' rehabilitation applications, determine the feasibility of accomplishing the rehabilitation within the rental constraints, and monitor the construction work. Most properties being rehabilitated under the program are single-family homes or small multifamily buildings of between two and twenty units. On the average, between $5,000–$10,000 of rehabilitation per unit is being spent for new roofs, rewiring, plumbing, heating systems and energy conservation.

After two years of program operation, HUD has received numerous comments from PHAs concerning the need to simplify the regulations and revise some of the requirements.

Most of the regulatory changes contained in the rule were recommended by local housing administrators; other regulatory requirements were deleted to simplify program administration. The principal revisions to the regulations are described below.

Subpart D

1. Sections 882.401(c)(6), 882.402, 882.404(c), and 882.408 have been expanded to implement the provisions of the HCD Amendments of 1981 (Section 324(3)) concerning Section 8 assistance in single room occupancy housing (i.e., residential properties in which some or all of the dwelling units do not contain bathrooms or kitchen facilities). As provided under the statute, single room occupancy housing will be eligible for participation in the Moderate Rehabilitation Program if the PHA and the unit of general local government in which the property is located approve of moderate rehabilitation units being utilized for such purpose, and the HUD Field Office determines that the property is located in an area in which there is significant demand for such units. In order to distinguish single room occupancy housing from congregate housing and from Independent Group Residences (which have supportive services standards), single room occupancy housing is defined in Section 882.402 as a unit for occupancy by an individual capable of independent living and located within a multifamily structure consisting of more than 12 units. Also, since these units will not contain private bathroom and/or kitchen facilities, the regulations specify that the maximum gross rents may not exceed 75 percent of the Section 8 Moderate Rehabilitation Fair Market Rents for efficiency units. It is noted that the HCD Amendments of 1981 also permit the Secretary to waive, in appropriate cases, the 15 percent limitation on the number of Section 8 units in a particular community occupied by single individuals which are not elderly, displaced or handicapped and to waive the requirement that elderly, displaced or handicapped single persons be given priority over all other types of single persons for admission to Section 8 housing. To implement this provision, Area Managers may direct requests for waivers of 24 CFR Part 812 to the Assistant Secretary for Housing.

2. Section 882.401(a) has also been revised to clarify that the purpose of the Moderate Rehabilitation Program is to upgrade substandard housing and to provide rental subsidies to lower-income families. Other local objectives such as deconcentration or targeting to specific neighborhoods may be adopted. This change will allow PHAs more flexibility to alter specified local objectives based on operating experiences, or to determine that local goals in addition to upgrading substandard housing are unnecessary. Also, § 882.401(b) has been changed to eliminate the requirement that PHAs without inhouse rehabilitation expertise must subcontract with an experienced entity rather than hiring staff.

3. Section 882.403 has been revised to include information previously contained in §§ 882.404 and 882.505, and to delete information concerning the ACC and metropolitan and nonmetropolitan project designations since these areas are relevant only to HUD's internal tracking of outstanding funding commitments. Section 882.404 (Term of Housing Assistance Payments Contract and Lease) has been deleted since the requirements for a 15-year HAP Contract and a minimum 1 year lease term previously contained in § 882.404 have been incorporated into § 882.403. Therefore, § 882.405 and all subsequent sections of Subpart D have been renumbered.

4. Section 882.407, Relocation, (redesignated as § 882.406) has been substantially shortened by the deletion of unnecessary and confusing specificity relating to relocation that is not subject to the Uniform Act. This revised section contains all major relocation policies previously contained in the regulations, except that the maximum temporary relocation period has been increased from six to twelve months. This change is necessary to accommodate greater levels of rehabilitation being accomplished than the original

regulations anticipated, and to provide consistency with other Section 8 programs.

5. Section 882.408 (redesignated as § 882.407) has been expanded to require compliance with the Age Discrimination Act of 1975. This statute was omitted inadvertently from the previous list of federal requirements.

6. Sections 882.409 and 882.411 (redesignated as §§ 882.408 and 882.410) have been revised to simplify the rent calculation procedures, to delete PHA-approved exception rents for handicapped or very large units (exception rents based on market conditions have been retained), and to provide a new procedure for annual adjustments to contract rents when the monthly amortization amount for the rehabilitated loan or other debt service is subject to a variable interest rate or a balloon payment. These changes will simplify appreciably the calculation of rents and will facilitate owner participation when only variable rate financing is available for the rehabilitation work. Further, the revision to § 882.409(d) specifies that rents may be recalculated during the rehabilitation period due to unforeseen factors beyond the owner's control (e.g., strikes, weather delays), required design changes, or when the PHA approves changes in financing. This latter change parallels requirements of the HCD Amendments of 1981 applicable to the Section 8 Substantial Rehabilitation Program.

7. Section 882.412 (Establishment of Income Limit Schedules; 30 Percent Occupancy by Very Low Income Families) has been deleted in its entirety. The HCD Amendments of 1981 deleted the statutory requirement that at least 30 percent of the Section 8 units be occupied by very low income families and added a requirement in Section 16 that 95 percent of the public housing and Section 8 units initially occupied after the effective date of the Amendments must be leased to very low income families. This legislative requirement covers all public housing and Section 8 programs and will be implemented in a separate regulation.

Subpart E

1. Sections 882.502, 882.503, 882.504 and 882.505 which contain the PHA application and HUD processing procedures have been condensed considerably. Information previously contained in §§ 882.502 through 882.505 has been transferred to section 882.501 which is now titled "Distribution of Funds and Processing of PHA Applications", and all subsequent sections of Subpart E have been renumbered. It is noted that the previous requirement of § 882.503(a)(9)(i) for a PHA certification is deleted since mandatory local program objectives are being deleted.

2. Sections 882.506 through 882.510 (redesignated §§ 882.503 through 882.507) set forth the PHA standards for selection of units and monitoring of the rehabilitation. Several requirements have been deleted to simplify the owner application process and expedite the rehabilitation and provision of rental subsidies. For example, the requirement in § 882.507 that a PHA inspect every property not rejected after initial screening of owner applications and provide each owner with a list of deficiencies has been deleted. Although preconstruction and construction inspections will still be conducted for selected units, this change will substantially reduce PHA staff time spent on processing owner applications which are unlikely to be approved. In addition, owner application requirements have been reduced (Section 882.505); the requirement that PHAs provide owners with a list of contractors has been deleted since contractor selection is an owner function and PHA referral implies an endorsement of competency (Section 882.507); the requirement for an owner certification for unassisted units has been eliminated since these units will not be subsidized and local requirements prevail (Section 882.510); and the HUD specified deadline for PHA inspections has been deleted (Section 882.508).

3. Section 882.514 (redesignated § 882.511) has been revised to clarify and simplify the tenant lease termination policies. The most significant change is that for terminations based on failure to pay rent, a termination notice complying with State and local law or common local practice may substitute for or run concurrently with the HUD required termination notice.

4. Section 882.517, Family Participation (redesignated § 882.514), has been revised to include tenant selection information previously contained in § 882.509(a) and to permit owner selection of tenants not on the PHA's waiting list if the PHA is unable to refer families within 30 days. This change is necessary to ensure that an owner is not required to hold a unit vacant for an unreasonable length of time. Also, § 882.517 (d) and (e) concerning continued assistance to families when they move have been deleted since they were considered too detailed or repetitious. Section 882.517(d) only addressed voluntary PHA actions and was therefore an inappropriate regulatory item. Section 882.509 has been expanded to include the provision previously contained in § 882.517(e) that families leasing overcrowded or under occupied units will not be required to move, nor will assistance be terminated, until suitable replacement housing has been located.

5. Section 882.518 (redesignated § 882.515) has been revised to require that reexaminations of family income and composition be conducted at least annually for all assisted tenants. This implements Section 3(a)(1) of the HCD Amendments of 1981. Previously, PHAs were allowed to conduct reexaminations of elderly families every two years instead of annually.

6. A new paragraph has been added to § 882.519 (redesignated § 882.516) to specify that periodic PHA audits will be conducted in accordance with the guidelines prescribed by the Office of Management and Budget (OMB) Circular A-102, Attachment P—Audit Requirements.

The Secretary has determined that notice and prior public procedure are impracticable and contrary to the public interest and that good cause exists for making this rule effective as soon after publication as possible because:

1. The rule implements provisions of the HCD Amendments of 1981, significantly reduces program requirements for local PHAs and participating owners, and provides more local flexibility.

2. The rule reflects local housing officials' recommendations for necessary policy changes.

3. Most PHAs are actively processing owner applications for program participation and the changes contained in this interim rule are necessary to expedite this process and in turn to provide assistance to lower income families.

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations in 24 CFR Part 50, which implements Section 102(2)(C) of the National Environmental Policy Act of 1969. The Finding of No Significant Impact is available for public inspection during regular business hours in the Office of the Rules Docket Clerk at the above address.

This rule does not constitute a "major rule" as that term is defined in Section 1(b) of Executive Order 12291 on Federal Regulation. Analysis of the rule indicates that it does not (1) have an annual effect on the economy of $100 million or more; (2) cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or (3) have a significant adverse effect on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Pursuant to the provisions of 5 U.S.C. 605(b) (the Regulatory Flexibility Act), the Undersigned hereby certifies that this rule would not have a significant economic impact on a substantial number of small entities.

The Catalog of Federal Domestic Assistance program number is 14.156.

This rule was listed as Item C-28, H-38-81 under the Office of Housing in the Department's Semiannual Agenda of Regulations published on August 17, 1981 (46 FR 41710) pursuant to Executive Order 12291 and the Regulatory Flexibility Act.

(Sec. 8(a)(1), U.S. Housing Act of 1937 (42 U.S.C. 1437f(a)(1)); Sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)); Sec. 324, Housing and Community Development Amendments of 1981)

List of Subjects in 24 CFR Part 882

Grant programs: housing and community development, Housing, Mobile homes, Rent subsidies.

Accordingly, Subparts D and E of 24 CFR Part 882 are revised to read:

PART 882—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM—EXISTING HOUSING

Subpart D—Special Procedures for Moderate Rehabilitation—Basic Policies

Sec.
882.401 Applicability, scope and purpose.
882.402 Definitions.
882.403 ACC, housing assistance payments contract, and lease.
882.404 Housing quality standards.
882.405 Financing.
882.406 Relocation.
882.407 Other federal requirements.
882.408 Initial contract rents.
882.409 Contract rents at end of rehabilitation loan term.
882.410 Rent adjustments.
882.411 Payments for vacancies.
882.412 Subcontracting of owner services.
882.413 Responsibility of the family.

Subpart E—Special Procedures for Moderate Rehabilitation—Program Development and Operation

882.501 Distribution of funds and processing of PHA applications.
882.502 Schedule of rehabilitation and leasing.
882.503 Obtaining proposals from owners.
882.504 Assistance to owners and selection of units.
882.505 Agreement to enter into housing assistance payments contract.
882.506 Rehabilitation period.
882.507 Completion of rehabilitation.
882.508 Execution of housing assistance payments contract.
882.509 Overcrowded and under occupied units.
882.510 Adjustment of allowance for utilities and other services.
882.511 Termination of tenancy.
882.512 Reduction of number of units covered by contract.
882.513 Public notice to lower-income families; waiting list.
882.514 Family participation.
882.515 Reexamination of family income and composition.
882.516 Maintenance, operation and inspections.

Subpart D—Special Procedures for Moderate Rehabilitation—Basic Policies

Authority: Section 8(a)(1), U.S. Housing Act of 1937 (42 U.S.C. 1437f(a)(1)); Section 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)); Section 324, Housing and Community Development Amendments of 1981.

§ 882.401 Applicability, scope and purpose.

(a) *General.* This Subpart D and Subpart E set forth the policies and procedures to be used by PHAs in initiating and administering a Moderate Rehabilitation Program. The purpose of the Moderate Rehabilitation Program is to upgrade substandard rental housing and to provide rental subsidies for lower income Families. Further, PHAs may use the program to achieve local objectives such as deconcentration of assisted housing, revitalization of targeted neighborhoods or minimization of displacement.

(b) *Eligible Applicants.* PHAs, including State Housing Finance and Development Agencies authorized to participate under 24 CFR Part 882, eligible to participate in the Program are those who (1) have the ability to operate a rehabilitation program, or (2) will contract with a qualified agency or entity, or (3) will develop the capability to operate a rehabilitation program.

(c) *Eligible and Ineligible Properties.* (1) Except as provided in paragraphs (c)(2) through (7) of this Section, housing suitable for moderate rehabilitation as defined in § 882.402 is eligible for inclusion under the Moderate Rehabilitation Program. Existing structures of various types may be appropriate for this Program including single family houses, multi-family structures and Independent Group Residences.

(2) Housing (i) which is, or has been within twelve months prior to the Owner's submittal to the PHA of a proposal, subsidized under any federal housing program, except housing assisted under Subparts A and B of this Part which meets the Performance Criteria of the Housing Quality Standards but has a major building system or component in danger of failure (provided that the Existing Housing Contract is terminated before the Moderate Rehabilitation Contract takes effect), or (ii) which is owned by the PHA administering the ACC under this Program, or (iii) which is a project with a HUD-held mortgage or is a HUD-owned project and is not eligible for assistance under this Program.

(3) Nursing homes, units within the grounds of penal, reformatory, medical, mental and similar public or private institutions, and facilities providing continual psychiatric, medical or nursing services are not eligible for assistance under the Moderate Rehabilitation Program.

(4) Housing owned by a State or unit of general local government is not eligible for assistance under this Program unless: (i) HUD has reviewed and approved the site prior to the execution of an Agreement, and (ii) the State or unit of a general local government sells the property to another Owner prior to execution of an Agreement.

(5) High rise elevator projects for Families with children may not be utilized unless HUD determines there is no practical alternative. (HUD may make this determination for a locality's Moderate Rehabilitation Program in whole or in part and need not review each building on a case-by-case basis.)

(6) Single room occupancy (SRO) housing may not be utilized unless: (i) The property is located in an area in which there is a significant demand for such units, as determined by the HUD Field Office, and (ii) the PHA and the unit of general local government in which the property is located approve of such units being utilized for such purpose.

(7) No Section 8 assistance may be provided with respect to any unit occupied by an Owner; however, cooperatives will be considered as rental housing for purposes of this Program.

(d) *Applicability of Subparts A, B, and F.* Sections 882.102 (Definitions), 882.109 (Housing Quality Standards), and 882.112 (Security and Utility Deposits) of Subpart A and § 882.217 (HUD Review of Contract Compliance) of Subpart B are applicable to the Moderate Rehabilitation Program. Other sections which have been modified for this Program are repeated or referenced in Subparts D and E with appropriate amendments. Subpart F, Special Provisions for Mobile Home Owners, does not apply to Subparts D and E.

§ 882.402 Definitions.

In addition to the definitions set forth in § 882.102, the following will apply.

Agreement to Enter Into Housing Assistance Payments Contract ("Agreement"). A written agreement between the Owner and the PHA that, upon satisfactory completion of the rehabilitation in accordance with requirements specified in the Agreement, the PHA will enter into a Housing Assistance Payments Contract with the Owner.

Eligible Family ("Family"). A family as defined in Section 882.102, including all lower-income single persons in occupancy prior to execution of the Agreement. (Units occupied by lower-income single persons, even if not elderly or handicapped, may be determined eligible in order to prevent displacement.)

Moderate Rehabilitation. Rehabilitation involving a minimum expenditure of $1,000 for a unit, including its prorated share of work to be accomplished on common areas or systems, to:

(a) Upgrade to Decent, Safe and Sanitary condition to comply with the Housing Quality Standards or other standards approved by HUD, from a condition below those standards (improvements being of a modest nature and other than routine maintenance); or

(b) Repair or replace major building systems or components in danger of failure.

Single Room Occupancy (SRO) Housing. A unit for occupancy by a single eligible individual capable of independent living which does not contain food preparation and/or sanitary facilities in accordance with § 882.109, and is located within a multifamily structure consisting of more than 12 units.

CUMULATIV

REGION	FIELD OFFICE NAME	PHA NUMBER	
		WA042	YAKIM
		WA054	PIERC
	TOTAL		
TOTAL			

SECTION 8
MOD-REHAB. RESERVED PROJECTS BY PHA

AS OF 09/30/85

PHA NAME	PROJECT NUMBER	TOTAL UNITS	RESERV. DATE	ACC EXEC. DATE
HA	WA19K042001	50	09/20/79	
COUNTY HA	WA19K054001	9	09/07/79	03/17/81
	12	543		
	44	2,063		

DHUD/HISD
SPECIAL REQUEST #402-4021A
PREPARED 10/29/85

Statement of Family Responsibility. An agreement, in the form prescribed by HUD, between the PHA and a Family to be assisted under the Program, stating the obligations and responsibilities of the two parties.

§ 882.403 ACC, housing assistance payments contract, and lease.

(a) *Maximum Total ACC Commitments.* The maximum total annual contribution that may be contracted for is the total of the Moderate Rehabilitation Fair Market Rents for all the units. The fee for the costs of PHA administration is payable out of the annual contribution.

(b) *Project Account.* (1) A project account will be established and maintained by HUD as a specifically identified and segregated account for each project. The account will contain the sum of the amounts by which the maximum annual commitment exceeds the amount actually paid out for the project under the ACC each year. Payments will be made from this account when needed to cover increases in Contract Rents or decreases in Gross Family Contributions for (i) housing assistance (including vacancy) payments, (ii) the amount of the fee for PHA costs of administration, and (iii) other costs specifically approved by the Secretary.

(2) When a HUD approved estimate of required payments under the ACC for a fiscal year exceeds the maximum annual commitment, and would cause the amount in the project account to be less than 40 percent of the maximum, HUD will, within a reasonable period of time, take such additional steps authorized by Section 8(c)(6) of the U.S. Housing Act of 1937, as may be necessary, to assure that payments under the ACC will be adequate to cover increases in Contract Rents and decreases in Gross Family Contributions.

(c) *Term of Housing Assistance Payments Contract.* The Contract for any unit rehabilitated in accordance with the Program must be for a term of 15 years.

(d) *Term of Lease.* The initial Lease between the Family and Owner must be for at least one year. Any renewal or extension of the Lease term for any unit must in no case extend beyond the remaining term of the Contract.

§ 882.404 Housing quality standards.

In addition to the standards set forth in § 882.109, the following will apply:

(a) *Energy Efficiency Performance Requirement.* Caulking and weatherstripping are required as energy conserving improvements. Other appropriate energy conserving improvements such as insulation and storm windows must be accomplished by the Owner as part of the rehabilitation under this Program, to the extent that the PHA determines these improvements to be practicable, cost effective and financially feasible. Also, installation of cost-effective and economically feasible solar energy systems is encouraged.

(b) *Site and Neighborhood-Performance Requirement.* In addition to meeting the standards required in § 882.109(k), the site must:

(1) Be adequate in size, exposure and contour to accommodate the number and type of units proposed; adequate utilities and streets must be available to service the site. (The existence of a private disposal system and private sanitary water supply for the site, approved in accordance with local law, may be considered adequate utilities.)

(2) Be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, and HUD regulations issued pursuant thereto.

(3) Promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low income persons.

(4) Be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.

(5) Be so located that travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, is not excessive. (While it is important that housing for the elderly not be totally isolated from employment opportunities, this requirement need not be adhered to rigidly for such projects.)

(c) *Single Room Occupancy Housing—Performance Requirement.* The standards set forth in § 882.109 shall apply for single room occupancy housing except for paragraphs (a), (b), (c), (m), and (n). Sanitary facilities, space and security must meet local code standards for single room occupancy housing or, in the absence of such local code standards, the requirements for habitable rooms used for living and sleeping purposes contained in the American Public Health Association's Recommended Housing Maintenance and Occupancy Ordinance. Each single room occupancy unit shall be occupied by no more than one person. Exterior doors and windows accessible from outside the single room occupancy housing unit shall be lockable.

§ 882.405 Financing.

(a) *Types.* Any type of public or private financing may be utilized with the exception of the rehabilitation loan program under Section 312 of the Housing Act of 1964.

(b) *Use of Contract as Security for Financing.* An Owner may pledge, or offer as security for any loan or obligation, an Agreement or Contract entered into pursuant to this Program, provided that (1) such security is in connection with a unit(s) rehabilitated pursuant to this Program and (2) the terms of the financing or any refinancing must be approved by the PHA in accordance with standards provided by HUD. Any pledge of the Agreement or Contract, or payments thereunder, will be limited to the amounts payable under the Contract in accordance with its terms.

§ 882.406 Relocation.

(a) *Applicability of Uniform Act.* The relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) and HUD implementing regulations at 24 CFR Part 42 apply only to the displacement of any person (owner or tenant) that results from the acquisition of real property for a project assisted under this Program if the acquisition is by a PHA or other State agency (defined at 24 CFR 42.85).

(b) *Displacement Not Subject to the Uniform Act.* The following policies apply to temporary relocation or permanent displacement of tenants which is not subject to the requirements of the Uniform Act. The policies apply only to lawful residential tenants (not owner-occupants or businesses) who are temporarily relocated or permanently displaced following submission of the owner's proposal to the PHA. The following policies do not apply to tenants who commence occupancy after the owner's submission of a proposal if they are provided adequate notice from the owner of the impending rehabilitation and possible relocation or displacement, or whose tenancy is terminated for serious or repeated violation of the terms and conditions of the lease; violation of applicable Federal, State or local law; or other good cause. (Good cause does not include terminations because of owner participation in the Program.)

(1) Tenants will not be required to move permanently from the property (building or complex) unless (i) the PHA has a HUD approved relocation strategy, (ii) tenants have received adequate, advance written notice and appropriate advisory services, (iii) tenants have been given a reasonable choice of opportunities to relocate to suitable replacement housing, and (iv) tenants will receive reimbursement for reasonable moving expenses.

(2) Tenants will not be required to move temporarily from the property (building or complex) unless (i) tenants have received adequate, advance written notice and appropriate advisory services, (ii) suitable temporary housing is available, (iii) the temporary relocation period will not exceed 12 months, and (iv) tenants will receive reimbursement for reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including moving costs to and from temporary housing and increases in monthly housing costs.

(3) The PHA is responsible for assuring that all the relocation

requirements are met. Reasonable relocation costs incurred by the owner for the temporary relocation of tenants to be assisted under the Program are considered eligible rehabilitation costs for inclusion in the Contract Rents. (Relocation costs associated with permanent displacement or with temporary relocation of tenants not to be assisted under the Program may not be included in the Contract Rents.) Preliminary administrative funds may be used for costs of PHA advisory services for temporary relocation of tenants to be assisted under the Program.

(4) Tenants who believe they have not received relocation opportunities, services or payments in accordance with this section may appeal to the PHA and must be given an informal hearing on the appeal.

§ 882.407 Other Federal requirements.

(a) Participation in this Program requires compliance with the Equal Opportunity requirements specified in § 882.111 and the Age Discrimination Act of 1975. Also, the PHA must comply with HUD's equal opportunity application and operation requirements.

(b) Additionally, in selecting among proposals the PHA must take into consideration compliance with the following:

(1) Executive Order 11988, Floodplains Management;

(2) Executive Order 11990, Protection of Wetlands;

(3) National Historic Preservation Act (Public Law 89–665);

(4) Archeological and Historic Preservation Act of 1974; and

(5) Executive Order 11593 on Protection and Enhancement of the Cultural Environment.

If the PHA proposes to select a building which is on or eligible for the National Register of Historic Places, the PHA must contact the HUD Field Office prior to approval to assure compliance with paragraphs (b) (3), (4), and (5) of this Section.

(c) The PHA and Owner must agree to comply with the requirements of the following, where applicable:

(1) Clean Air Act and Federal Water Pollution Control Act;

(2) Flood Disaster Protection Act of 1973;

(3) Section 504 of the Rehabilitation Act of 1973 (as implemented in 24 CFR Part 8).

(4) Executive Order 11246, Equal Employment Opportunity (for all construction contracts of over $10,000);

(5) Executive Order 11625, Prescribing Additional Arrangements for Developing and Coordinating a National Program for Minority Business Enterprise; and

(6) Labor Standards Provisions contained in the following acts (for Agreements covering 9 or more assisted units):

(i) Davis-Bacon Act;

(ii) Contract Work Hours and Safety Standards Act;

(iii) Copeland Anti-Kickback Act; and

(iv) National Apprenticeship Act.

§ 882.408 Initial contract rents.

(a) *Fair Market Rent Limitation.* The Fair Market Rent Schedule for Moderate Rehabilitation is 120 percent of the Existing Housing Fair Market Rent Schedule, except that the Fair Market Rent limitation applicable to single room occupancy housing is 75 percent of the Moderate Rehabilitation Fair Market Rent for a 0-bedroom unit. The initial Gross Rent for any Moderate Rehabilitation unit must not exceed the Moderate Rehabilitation Fair Market Rent applicable to the unit on the date that the Agreement is executed except by up to 10 percent as provided in paragraph (b) of this section. Additionally, to the extent provided in paragraph (d) of this section, the PHA may approve changes in the Contract Rent subsequent to execution of the Agreement which result in an initial Gross Rent which exceeds the Moderate Rehabilitation Fair Market Rent applicable to the unit by up to 20 percent.

(b) *Exception Rents.* With HUD Field Office approval, the PHA may approve initial Gross Rents which exceed the applicable Moderate Rehabilitation Fair Market Rents by up to 10 percent for all units of a given size in specified areas where HUD has determined that the rents for standard units suitable for the Existing Housing Program are more than 10 percent higher than the Existing Housing Fair Market Rents. The PHA must submit documentation demonstrating the necessity for such exception rents in the area to the HUD Field Office. In areas where HUD has approved the use of exception rents for 0-bedroom units, the single room occupancy housing exception rent will be 75 percent of the exception rent applicable to Moderate Rehabilitation 0-bedroom units.

(c) *Determination of Initial Contract Rents.* (1) The initial Contract Rent and base rent for each unit must be computed in accordance with HUD requirements. These amounts may be determined in accordance with paragraph (2), or in accordance with an alternative method prescribed by HUD. However, the initial Contract Rent may in no event be more than (i) the Moderate Rehabilitation Fair Market Rent or exception rent applicable to the unit on the date that the Agreement is executed, minus (ii) any applicable allowance for utilities and other services attributable to the unit.

(2) When the initial Contract Rent is computed under this paragraph, the rent will be equal to the base rent plus the monthly cost of a rehabilitation loan (but not more than the maximum stated in paragraph (1)). The base rent must be calculated using the rent charged for the unit or the estimated costs to the Owner of owning, managing and maintaining the rehabilitated unit. The monthly cost of a rehabilitation loan must be calculated using:

(i) The actual interest rate on the portion of the rehabilitation costs borrowed by the Owner,

(ii) The HUD-FHA maximum interest rate for multifamily housing (or another rate prescribed by HUD) for rehabilitation costs paid by the Owner out of nonborrowed funds, and

(iii) At least a 15 year loan term, except that if the total amount of rehabilitation is less than $15,000, the actual loan term will be used for the portion of the rehabilitation costs borrowed by the Owner. (HUD Field Offices may authorize loan terms which differ from the above in accordance with HUD requirements.)

(d) *Changes in Initial Contract Rents during Rehabilitation.* (1) The initial Contract Rents established pursuant to paragraph (c) will be the Contract Rents on the effective date of the Contract except under the following circumstances:

(i) When, during rehabilitation, work items (including substantial and necessary design changes) which (A) could not reasonably have been anticipated or are necessitated by a change in local codes or ordinances, and (B) were not listed in the work write-up prepared or approved by the PHA, are subsequently required and approved by the PHA.

(ii) When the actual cost of the rehabilitation performed is less than that estimated in the calculation of Contract Rents for the Agreement or the actual, certified costs are more than estimated due to unforeseen factors beyond the owner's control (e.g., strikes, weather delays or unexpected delays caused by local governments).

(iii) When the PHA (or HUD) approves changes in financing.

(iv) When the actual relocation payments made by the Owner to temporarily relocated Families varies from the cost estimated in the calculation of Contract Rents for the Agreement.

(v) When necessary to correct errors in computation of the base and Contract Rents to comply with the HUD requirements.

(2) Should changes occur as specified in paragraph (d)(1) (either an increase or decrease), the PHA will approve any necessary change in work and amendment of the work write-up and cost estimate, recalculate the initial Contract Rents in accordance with paragraph (3) of this section, and amend the Contract or Agreement, as appropriate, to reflect the revised rents.

(3) In establishing the revised Contract Rents, the PHA must determine that the resulting Gross Rents do not exceed the Moderate Rehabilitation Fair Market Rent or the exception rent in effect at the time of execution of the Agreement. The Fair Market Rent or exception rent, as appropriate, may only be exceeded when the PHA determines in accordance with paragraph (d)(1) of this section that it will be necessary for the revised Gross Rent to exceed the Moderate Rehabilitation Fair Market

Rent or exception rent. Should this determination be made, the PHA may not execute a revised Agreement or Contract for Gross Rents exceeding the Fair Market Rents by more than 10 percent until it receives HUD Field Office approval. The HUD Field Office may approve revised Gross Rents which exceed the Fair Market Rents by up to 20 percent for reasons specified in paragraph (d)(1) upon proper justification by the PHA of the necessity for the increase.

§ 882.409 Contract rents at end of rehabilitation loan term.

For a Contract where the initial Contract Rent was based upon a loan term shorter than 15 years, the Contract must provide for reduction of the Contract Rent effective with the rent for the month following the end of the term of the rehabilitation loan. The amount of the reduction will be the monthly cost of amortization of the rehabilitation loan. This reduction should result in a new Contract Rent equal to the base rent established pursuant to § 882.408(c) plus all subsequent adjustments.

§ 882.410 Rent adjustments.

(a) *Annual and Special Adjustments.* Contract Rents will be adjusted as provided in paragraphs (a) (1) and (2) of this section upon submittal to the PHA by the Owner of a revised schedule of Contract Rents, provided that the unit is in decent, safe, and sanitary condition and that the Owner is otherwise in compliance with the terms of the Lease and Contract. Subject to the foregoing, adjustments of Contract Rents will be as follows:

(1) The Annual Adjustment Factors which are published annually by HUD (see Schedule C, 24 CFR Part 888) will be utilized. On or after each annual anniversary date of the Contract, the Contract Rents may be adjusted in accordance with HUD procedures, effective for the month following the submittal by the Owner of a revised schedule of Contract Rents. The changes in rent as a result of the adjustment cannot exceed the amount established by multiplying the Annual Adjustment Factor by the base rents. However, if the amounts borrowed to finance the rehabilitation costs or to finance purchase of the property are subject to a variable rate or are otherwise renegotiable, Contract Rents may be adjusted in accordance with other procedures as prescribed by HUD, and specified in the Contract, provided that the adjusted Contract Rents cannot exceed the rents established by multiplying the Annual Adjustment Factor by the Contract Rents. Adjusted Contract Rents must then be examined in accordance with paragraph (b) of this section and may be adjusted accordingly. Contract Rents may be adjusted upward or downward, as may be appropriate.

(2) A special adjustment, to the extent determined by HUD, to reflect increases in the actual and necessary expenses of owning and maintaining the unit which have resulted from substantial general increases in real property taxes, utility rates, assessments and utilities not covered by regulated rates, may be recommended by the PHA for approval by HUD but only if and to the extent that the Owner clearly demonstrates that these general increases have caused increases in the Owner's operating costs which are not adequately compensated for by annual adjustments. The Owner must submit financial information to the PHA which clearly supports the increase. For Contracts of more than twenty units, the Owner must submit audited financial information.

(b) *Overall Limitation.* Notwithstanding any other provisions of this Part, adjustments as provided in this section must not result in material differences between the rents charged for assisted and comparable unassisted units, as determined by the PHA (and approved by HUD in the case of adjustments under paragraph (a)(2)). However, unless the rents have been adjusted in accordance with § 882.409, this limitation should not be construed to prohibit differences in rents between assisted and comparable unassisted units to the extent that differences existed with respect to the initial Contract Rents.

§ 882.411 Payments for vacancies.

(a) *Vacancies from Execution of Contract to Initial Occupancy.* If a Contract unit which has been rehabilitated in accordance with this Program is not leased within 15 days of the effective date of the Contract, the Owner will be entitled to housing assistance payments in the amount of 80 percent of the Contract Rent for the unit for a vacancy period not exceeding 60 days from the effective date of the Contract, provided that the Owner (1) has complied with §§ 882.506(d) and 882.508(c); (2) has taken and continues to take all feasible actions to fill the vacancy; and (3) has not rejected any eligible applicant except for good cause acceptable to the PHA.

(b) *Vacancies after Initial Occupancy.* (1) If an Eligible Family vacates its unit (other than as a result of action by the Owner which is in violation of the Lease or the Contract or any applicable law), the Owner may receive the housing assistance payments due under the Contract for so much of the month in which the Family vacates the unit as the unit remains vacant. Should the unit continue to remain vacant, the Owner may receive from the PHA a housing assistance payment in the amount of 80 percent of the Contract Rent for a vacancy period not exceeding an additional month. However, if the Owner collects any of the Family's share of the rent for this period, the payment must be reduced to an amount which, when added to the Family's payment, does not exceed 80 percent of the Contract Rent. Any such excess must be reimbursed by the Owner to the PHA. The Owner will not be entitled to any payment under this paragraph (b)(1) unless the Owner: (i) Immediately upon learning of the vacancy, has notified the PHA of the vacancy or prospective vacancy, and (ii) has taken and continues to take all feasible actions specified in paragraphs (a) (2) and (3) of this section.

(2) If the Owner evicts an Eligible Family, the Owner will not be entitled to any payment under paragraph (b)(1) of this section unless the PHA determines that the Owner complied with all requirements of the Contract.

(c) *Prohibition of Double Compensation for Vacancies.* The Owner will not be entitled to housing assistance payments with respect to vacant units under this section if the Owner is entitled to payments from other sources (for example, payments for losses of rental income incurred for holding units vacant for relocatees pursuant to Title I of the HCD Act of 1974 or payments for unpaid rent under § 882.112 (Security and Utility Deposits)).

§ 882.412 Subcontracting of owner services.

(a) *General.* Any Owner may contract with any private or public entity to perform for a fee the services required by the Agreement, Contract or Lease, provided that such contract may not shift any of the Owner's responsibilities or obligations.

(b) *PHA Management.* If the Owner and a PHA wish to enter into a management contract, they may do so provided that:

(1) The Housing Assistance Payments Contract with respect to the housing involved is administered by another PHA, or

(2) Should another PHA not be available and willing to administer the Housing Assistance Payments Contract and no other management alternative exists, the HUD Field Office may authorize PHA management of units administered by the PHA in accordance with specified criteria.

(3) Notwithstanding the provisions of Sections 882.408 (b) and (c), a PHA may not approve, without prior HUD approval, rents which exceed the appropriate Moderate Rehabilitation Fair Market Rent for a unit for which it provides the management functions under this section.

§ 882.413 Responsibility of the family.

A Family receiving housing assistance under this Program must fulfill all of its obligations under the Lease with the Owner and the Statement of Family Responsibility. Failure of the Family to meet its responsibilities under the Lease or Statement of Family Responsibility may be grounds for termination of assistance by the PHA. Should the PHA determine to terminate assistance to the Family, provisions of § 882.314(f) must be followed.

Subpart E—Special Procedures for Moderate Rehabilitation-Program Development and Operation

Authority: Section 8(e)(5), U.S. Housing Act of 1937 (42 U.S.C. 1437f(e)(5)); Section 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d)); Section 324, Housing and Community Development Amendments of 1981.

§ 882.501 Distribution of funds and processing of PHA applications.

(a) *Distribution of Funds.* Contract and budget authority will be assigned to each HUD Field Office pursuant to 24 CFR Part 891. The HUD Field Office will invite applications for the Moderate Rehabilitation Program from PHAs from areas where the Field Office has determined that the Moderate Rehabilitation Program would be appropriate.

(b) *Processing of PHA Applications.* PHAs will submit an application for the Moderate Rehabilitation Program to the HUD Field Office. The application must contain all the information and documentation required by HUD. Should the available contract authority not be sufficient to fund all approvable applications, HUD will rank the applications based on its assessment of which applications have the best combination of the following:

(1) The demonstrated capacity of the PHA or its contractor(s) to provide the rehabilitation technical assistance to Owners required under the Program;

(2) The availability of financing resources, both assisted and unassisted, as demonstrated through statements from financing agencies (for example, local Community Development or State agency rehabilitation loan programs);

(3) The PHA's experience with the Section 8 Existing Housing Program or the PHA's overall administrative capability;

(4) The potential of achieving, as expeditiously as possible, the rehabilitation and leasing of housing units under this Subpart; and

(5) The overall feasibility of the proposed program.

§ 882.502 Schedule of rehabilitation and leasing.

All units in a Section 8 Moderate Rehabilitation project must be under an Agreement, rehabilitated, and under Contract within 24 months of execution of the ACC for that project, unless this schedule is extended by HUD. HUD may modify the unit mix or reduce the number of units or the amount of the annual contributions commitment if, in the determination of HUD, the PHA fails to demonstrate a good faith effort to adhere to this schedule or if other reasons justify a reduction in the number of units or change in the unit mix.

§ 882.503 Obtaining proposals from owners.

(a) *Public Notice to Owners.* Promptly after receiving the executed ACC, and thereafter as may be necessary, the PHA must make known to the public, through publication in a newspaper of general circulation as well as through minority media and other suitable means, the availability and nature of the Program. The notice must inform Owners where they may apply for the Program and must be made in accordance with the HUD guidelines for fair housing requiring the use of the equal housing opportunity logotype, statement and slogan.

(b) *Owner Proposals.* The PHA must develop a proposal format for Owners wishing to apply for participation in the Program which will require, at a minimum, the following information: (1) Owner and building identification, (2) Number and bedroom size of unit(s) to be rehabilitated, (3) Rent history by bedroom size, (4) Proposed rehabilitation work, (5) Tenant information and whether the Owner anticipates that permanent displacement or temporary relocation of tenants will be necessary, (6) The prior participation of the Owner in HUD Programs, and (7) The Owner's plans for managing and maintaining the unit(s) under the proposal.

§ 882.504 Assistance to owners and selection of units.

(a) *Initial Inspection.* For all proposals selected for further processing, the PHA must inspect the property. A determination must be made by the PHA as to the specific work items which need to be accomplished to bring the unit(s) to be assisted up to the Housing Quality Standards specified in § 882.109 and § 882.404 (or other standards as approved in the PHA's application) or to repair or replace major building systems or components in danger of failing.

(b) *Preliminary Feasibility Analysis.* A rough cost estimate and cash flow analysis of the property following rehabilitation must be made by the PHA. A determination of the necessity for any permanent displacement and/or temporary relocation and a preliminary estimate of the cost of any temporary relocation must be made by the PHA. If the proposal is determined to be feasible, analysis of additional energy conserving improvements which may be cost effective and which may be accomplished within the Fair Market Rent limitations of the Program must be made. The Owner must be required to provide energy conserving improvements in accordance with § 882.404(a). A preliminary estimate of Gross Rents should be made based upon the estimates of rehabilitation, temporary relocation and energy conserving improvements costs.

(c) *Selection of Proposals.* After the initial inspection and preliminary feasibility analysis, the PHA should select among Owner proposals those proposals which it will approve. The PHA must establish a method of selecting among Owner proposals and must make this method known to any Owner submitting or planning to submit a proposal. Proposals must be approved in accordance with criteria established by the PHA and approved by HUD, and in accordance with the following requirements:

(1) No proposal found infeasible by the PHA in the preliminary feasibility analysis may be approved unless the Owner can demonstrate that the allowable rent will be sufficient to rehabilitate, manage and maintain the unit(s) adequately;

(2) If, during the preliminary feasibility analysis, it is determined by the PHA that the work necessary to bring a unit(s) to the Housing Quality Standards, or other standards approved for the Program, or to repair or replace major systems is not sufficient to meet the $1000 per unit minimum amount of rehabilitation requirement, that unit(s) may not be assisted under the Program.

(3) If a unit(s) does not meet the requirement of paragraph (c)(2) but the Owner is proposing to accomplish at least $1000 per unit of rehabilitation by including work to make the unit(s) accessible to a handicapped or disabled individual occupying the unit(s) or expected to occupy the unit(s), the PHA may approve such units not to exceed 5 percent of the units under its Program, provided that accessible units are necessary to meet the requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973. The rehabilitation must make the unit(s), and access and egress to the unit(s), barrier-free with respect to the handicap or disability of the individual in residence or expected to be in residence.

(4) A preference must be provided to those proposals which indicate in the preliminary feasibility analysis the greatest dollar amount of necessary rehabilitation per unit.

(5) Prior to the approval of any unit(s) owned by a State or unit of general local government, the PHA must contact HUD and request HUD review of the site. The PHA may not enter into an Agreement on any such unit(s) until HUD approval of the site is obtained and the State or unit of general local government has sold the unit(s) to another Owner.

(d) *Notification of Owners.* When the PHA has selected the proposals which it plans to approve, the PHA must notify all Owners specifying:

(1) Whether their proposal has been rejected or approved;

(2) If the proposal was rejected, the reason(s) for rejection and the Owner's right to appeal to the PHA the PHA's basis for rejection;

(3) The tentative number of units to be assisted; and

(4) That the Owner should request all tenants residing in units tentatively selected for participation in the Program to contact the PHA to submit an application.

(e) *Selection of Units.* The PHA must take the applications and determine the eligibility of all tenants residing in approved units who wish to apply for the Program. After eligibility of all tenants has been determined, the Owner must be informed of any adjustment in the number of units to be assisted. In order to make the most efficient use of housing assistance funds, an Agreement may not be entered into covering any unit occupied by a family which is not eligible to receive housing assistance payments. Therefore, the number of units approved by the PHA for a particular proposal must be adjusted to exclude any unit(s) determined by the PHA to be occupied by a family not eligible to receive housing assistance payments. Eligible Families must also be briefed at this stage as to their rights and responsibilities under the Program.

(f) *Work Write-ups and Cost Estimates.* Should the Owner agree with the assessment of the PHA as to the work that must be accomplished, the preliminary feasibility of the proposal, and the number of units to be assisted, the Owner, with the assistance of the PHA where necessary, must prepare detailed work write-ups including specifications and plans (where necessary) so that a cost estimate may be prepared. The work write-up will describe how the deficiencies eligible for amortization through the Contract Rents are to be corrected including minimum acceptable levels of workmanship and materials. From this work write-up, the Owner, with the assistance of the PHA, must prepare a cost estimate for the accomplishment of all items specified in this section.

(g) *Selection of Contractor.* The Owner is responsible for selecting a competent contractor to undertake the rehabilitation. The PHA must promote opportunities for minority contractors to participate in the Program.

(h) *Feasibility Analysis.* After a firm price has been secured from the contractor selected by the Owner, a feasibility analysis of the proposal must be conducted by the PHA and the Owner.

(i) *Financing.* The PHA must discuss with the Owner the various financing options available. The terms of the financing must be approved by the PHA in accordance with standards provided by HUD.

(j) *Preparation of Lease Form.* The PHA, where necessary, must assist the Owner in the preparation of a form of tenant Lease which meets the requirements of 882.403 and §§ 882.511. The Lease must contain the HUD-prescribed provisions in Appendix I except for paragraph (e). In addition, a provision implementing § 882.511 must be included. The Lease must not contain any of the prohibited provisions in Appendix II.

§ 882.505 Agreement to enter into housing assistance payments contract.

Prior to the commencement of any rehabilitation under this Part, the PHA must enter into an Agreement with the Owner in the form prescribed by HUD.

§ 882.506 Rehabilitation period.

(a) *Timely Performance of Work.* After execution of the Agreement, the Owner must promptly proceed with the rehabilitation work as provided in the Agreement. In the event the work is not so commenced, diligently continued, or completed, the PHA will have the right to rescind the Agreement, or take other appropriate action.

(b) *Inspections.* The PHA must inspect, as appropriate, during rehabilitation to ensure that work is proceeding on schedule and is being accomplished in accordance with the terms of the Agreement, particularly that the work meets the acceptable levels of workmanship and materials specified in the work write-up.

(c) *Changes.* (1) The Owner must submit to the PHA for approval any changes from the work specified in the Agreement which would alter the design or the quality of the required rehabilitation. The PHA may condition its approval of such changes on a reduction of the Contract Rents. If changes are made without prior PHA approval, the PHA may determine that Contract Rents must be reduced or that the Owner must remedy any deficiency as a condition for acceptance of the unit(s).

(2) Contract Rents may not be increased except in accordance with provisions of § 882.408(d).

(d) *List of Vacancies.* In order that the unit(s) might be promptly occupied, 60 days prior to the scheduled completion of the rehabilitation, the Owner must notify the PHA of any unit(s) which will be vacant on the anticipated effective date of the Contract. The PHA will notify Families of the appropriate size on its waiting list of the availability of the unit.

§ 882.507 Completion of Rehabilitation

(a) *Notification of Completion.* The Owner must notify the PHA when the work is completed and submit to the PHA the evidence of completion and certifications described in paragraphs (b) and (c) of this section.

(b) *Evidence of Completion.* Completion of the unit(s) must be evidenced by furnishing the PHA with the following:

(1) A certificate of occupancy and/or other official approvals as required by the locality.

(2) A certification by the Owner that:

(i) The unit(s) has been completed in accordance with the requirements of the Agreement;

(ii) The unit(s) is in good and tenantable condition;

(iii) The unit(s) has been rehabilitated in accordance with the applicable zoning, building, housing and other codes, ordinances or regulations, as modified by any waivers obtained from the appropriate officials;

(iv) Any unit(s) built prior to 1950 is in compliance with applicable HUD Lead Based Paint regulations; and

(v) If applicable, the Owner has complied with the provisions of the Agreement relating to the payment of not less than prevailing wage rates and that to the best of the Owner's knowledge and belief there are no claims of underpayment concerning alleged violations of said provisions of the Agreement. In the event there are any such pending claims to the knowledge of the Owner, PHA or HUD, the Owner will be required to place sufficient amount in escrow, as determined by the PHA or HUD, to assure such payments.

(c) *Actual Cost and Rehabilitation Loan Certifications.* The Owner must provide the PHA with a certification of the costs incurred for the rehabilitation and any temporary relocation as well as the interest rate and term of any rehabilitation loan. The Owner must certify that these are the actual costs, interest rate, and term.

The PHA must review for completeness and accuracy and accept these certifications subject to the right of post audit. The PHA must then establish the Contract Rents as provided in § 882.408 which will be subject to reduction based on a post audit.

(d) *Review and Inspections.* The PHA must review the evidence of completion for compliance with paragraph (b) of this section. The PHA also must inspect the unit(s) to be assisted to determine that the unit(s) has been completed in accordance with the Agreement and meets the Housing Quality Standards or other standards approved by HUD for the Program. If the inspection discloses defects or deficiencies, the inspector must report these in detail.

(e) *Acceptance.* (1) If the PHA determines from the review and inspection that the unit(s) has been completed in accordance with the Agreement, the unit(s) will be accepted.

(2) If there are any items of delayed completion which are minor items or which are incomplete because of weather conditions, and in any case which do not preclude or affect occupancy, and all other requirements of the Agreement have been met, the unit(s) must be accepted. An escrow fund determined by the PHA to be sufficient to assure completion for items of delayed completion must be required, as well as a written agreement between the PHA and the Owner, to be included as an exhibit to the Contract, specifying the schedule for completion. If the items are not completed within the agreed time period, the PHA may terminate the Contract or exercise other rights under the Contract.

(3) If other deficiencies exist, the PHA must determine whether and to what extent the deficiencies are correctable, and whether the Contract Rents should be reduced. The Owner must be notified of the PHA's decision. If the corrections required by the PHA are possible, the PHA and the Owner must enter into an agreement for the correction of the deficiencies within a specified time. If the deficiencies are corrected within the agreed period of time, the PHA must accept the unit(s).

(4) Otherwise, the unit(s) may not be accepted, and the Owner must be notified with a statement of the reasons for nonacceptance.

§ 882.508. Execution of housing assistance payments contract.

(a) *Time of Execution.* Upon PHA acceptance of the unit(s) and certifications pursuant to § 882.507, the Contract will be executed by the Owner and the PHA. The effective date must be no earlier than the PHA inspection which provides the basis for acceptance as specified in § 882.507(e).

(b) *Changes from Agreement.* The Contract Rents may be higher or lower than those specified in the Agreement in accordance with requirements of § 882.408(d).

(c) *Unleased Unit(s).* At the time of execution of the Contract, the Owner will be required to submit a list of dwelling unit(s) leased and not leased as of the effective date of the Contract. (See § 882.411(a).)

§ 882.509. Overcrowded and under occupied units.

If the PHA determines that a Contract unit is not decent, safe, and sanitary by reason of increase in Family size, or that a Contract unit is larger than appropriate for the size of the Family in occupancy, housing assistance payments with respect to the unit will not be abated; however, the Owner must offer the Family a suitable alternative unit should one be available and the Family will be required to move. If the Owner does not have a suitable available unit, the PHA must assist the Family in locating other standard housing in the locality within the Family's ability to pay and require the Family to move to such a unit as soon as possible. In no case will a Family be forced to move nor will housing assistance payments under the Contract be terminated unless the Family rejects without good reason the offer of a unit which the PHA judges to be acceptable.

§ 882.510. Adjustment of allowance for utilities and other services.

The PHA must determine, at least annually, whether an adjustment is required in the Allowance for Utilities and Other Services applicable to the dwelling units in the Program, on grounds of changes in utility rates or other change of general applicability to all units in the Program. The PHA may also establish a separate schedule of allowances for each building of 20 or more assisted units, based upon at least one year's actual utility consumption data following rehabilitation under the Program. If the PHA determines that an adjustment should be made in its Schedule of Allowances or if it establishes a separate schedule for a building which will change the allowance, the PHA must then determine the amounts of adjustments to be made in the amount of rent to be paid by affected Families and the amount of housing assistance payments and must notify the Owners and Families accordingly. Any adjustment to the Allowance must be implemented no later than at the Family's next reexamination or at lease renewal, whichever is earlier.

§ 882.511. Termination of Tenancy.

(a) *Applicability.* The provisions of this section apply to decisions by an Owner to terminate the tenancy of a Family during or at the end of the Family's lease term.

(b) *Grounds for Termination of or Refusal to Renew the Lease.* The Owner must not terminate or refuse to renew the lease except upon the following grounds:

(1) Serious or repeated violation of the terms and conditions of the lease.

(2) Violation of applicable Federal, State or local law.

(3) Other good cause.

(c) *Notice of Termination of Tenancy.*

(1) The Owner must serve a written notice of termination of tenancy on the Family which states the date the tenancy shall terminate. Such date must be in accordance with the following:

(i) When termination is based on failure to pay rent, the date of termination must be not less than five working days after the Family's receipt of the notice.

(ii) When termination is based on serious or repeated violation of the terms and conditions of the lease or on violation of applicable Federal, State or local law, the date of termination must be in accordance with State and local law.

(iii) When termination is based on other good cause, the date of terminaton must be no earlier than 30 days after the notice is served on the Family.

(2) The notice of termination must:

(i) State the reasons for such termination with enough specificity to enable the Family to prepare a defense.

(ii) Advise the Family that if a judicial proceeding for eviction is instituted, the tenant may present a defense in that proceeding.

(iii) Be served on the Family by sending a prepaid first class properly addressed letter (return receipt requested) to the tenant at the dwelling unit or by delivering a copy of the notice to the dwelling unit.

(3) *Substitution of State and Local Requirements.* In the case of failure to pay rent, a notice of termination which is issued pursuant to State or local law or is common practice in the locality and which satisfies paragraph (c)(2) may be substituted for or run concurrently with the notice required herein.

(d) *Eviction.* All evictions must be carried out through judical process under State and local law. "Eviction" means the dispossession of the Family from the dwelling unit pursuant to State or local court action.

(e) *Lease.* The requirements of this section shall be incorporated into the dwelling lease between the Owner and the Family.

§ 882.512 Reduction of number of units covered by contract.

(a) *Limitation on Leasing to Ineligible Families.* Owners must lease all assisted units under Contract to Eligible Families. Leasing of vacant, assisted units to ineligible tenants is a violation of the Contract and grounds for all available legal remedies, including suspension or debarment from HUD programs and reduction of the number of units under the Contract, as set forth in paragraph (b) of this section. Once the PHA has determined that a violation exists, the PHA must notify HUD of its determination and the suggested remedies. At the direction of HUD, the PHA must take the appropriate action.

(b) *Reduction for Failure to Lease to Eligible Families.* If, at any time beginning six months after the effective date of the Contract, the Owner fails for a period of six continuous months to have at least 90 percent of the assisted units leased or available for leasing by Eligible Families (because families initially eligible have become ineligible), the PHA may, on at least 30 days' notice, reduce the number of units covered by the Contract. The PHA may reduce the number of units to the number of units actually leased or available for leasing by Eligible Families plus 10 percent (rounded up). If the Owner has only one unit under Contract and if one year has elapsed since the date of the last housing assistance payment, the Contract may be terminated with the consent of the Owner.

(c) *Restoration.* The PHA will agree to an amendment of the Contract, to provide for subsequent restoration of any reduction made pursuant to paragraph (b) if:

(1) The PHA determines that the restoration is justified by demand,

(2) The Owner otherwise has a record of compliance with obligations under the Contract, and

(3) Contract authority is available.

§ 882.513 Public notice to lower-income families; waiting list.

(a) *Public Notice to Lower-Income Families.* (1) If the PHA does not have a waiting list which is sufficient to provide applicants for the units under the Moderate Rehabilitation Program, the PHA must, promptly after receiving the executed ACC, make known to the public the availability of the Program.

(i) The notice must state that assistance under this Program will be available only in specified units which have been rehabilitated under the Program.

(ii) The notice must be made in accordance with the PHA's HUD-approved application and with the HUD guidelines for fair housing requiring the use of the equal housing opportunity logotype, statement and slogan.

(b) *Waiting List.* The PHA must maintain a waiting list for applicants for the Moderate Rehabilitation Program. This requirement may be met through the use of waiting lists for other subsidized housing programs such as the Existing Housing Program.

§ 882.514 Family participation.

(a) *Initial Determination of Family Eligibility.* (1) The PHA will be responsible for determining Family eligibility for participation, in accordance with HUD Regulations. The PHA is responsible for verifying the sources and amount of the Family's Income and other information necessary for determining eligibility and the amount of the assistance payments.

(2) PHA records on applicants and Families selected to participate must be maintained so as to provide HUD with racial, gender, and ethnic data.

(b) *Selection of Families for Participation.* When vacancies occur, the PHA will refer to the Owner one or more appropriate size Families on its waiting list. The PHA must select Families for participation in accordance with the provisions of the Program and in accordance with the PHA's application, including any PHA requirements or preferences as approved by HUD. The PHA must select Families eligible for housing assistance payments currently residing in units which are designated for rehabilitation under the Program without requiring that these Families be placed on the waiting list.

(c) *Owner Selection of Families.* All vacant units under Contract must be rented to Eligible Families referred by the PHA from its waiting list. However, if the PHA is unable to refer a sufficient number of interested applicants on the waiting list to the Owner within 30 days of the Owner's notification to the PHA of a vacancy, the Owner may advertise or solicit applications from Lower-Income Families and refer such Families to the PHA to determine eligibility. Since the Owner is responsible for tenant selection, the Owner may refuse any Family provided that the Owner does not unlawfully discriminate. Should the Owner reject a Family, and should the Family believe that the Owner's rejection was the result of unlawful discrimination, the Family may request the assistance of the PHA in resolving the issue. If the issue cannot be resolved promptly, the Family may file a complaint with HUD, and the PHA may refer the Family to the next available Moderate Rehabilitation unit.

(d) *Briefing of Families.* (1) When a Family is initially determined to be eligible for housing assistance payments (§ 882.504(e)) or is selected for participation in accordance with this Section, the PHA must provide the Family with information as to the Gross Family Contribution and the PHA's schedule of Allowances for Utilities and Other Services. Each Family must also, either in group or individual sessions, be provided with a full explanation of the following:

(i) Family and Owner responsibilities under the Lease and Contract;

(ii) Significant aspects of the applicable State and local laws;

(iii) Significant aspects of Federal, State and local fair housing laws;

(iv) The fact that the subsidy is tied to the unit and the Family must occupy a unit rehabilitated under the Program; and

(v) The Family's options under the Program should the Family be required to move due to an increase or decrease in Family size.

(2) For all Families to be temporarily relocated, the briefing must include a discussion of the relocation policies.

(e) *Continued Participation of Family When Contract is Terminated.* Should an Owner evict an assisted Family in violation of the Contract or otherwise breach the Contract and the Contract for the unit is terminated, and if the Family was not at fault and is eligible for continued assistance, the Family may continue to receive housing assistance through the conversion of the Moderate Rehabilitation unit allocation to an Existing Housing unit. The Family must then be treated as any certified Family under Subparts A and B and must be issued a Certificate of Family Participation and assisted by the PHA in finding a suitable replacement unit. The unit will then be considered an Existing Housing unit and all requirements of Subparts A and B will be applicable except that the term of any Existing Housing Contract may not extend beyond the term of the initial Moderate Rehabilitation Contract. If the family is determined ineligible for continued assistance, the Certificate may be offered to the next Family on the PHA's waiting list. The units will remain under the Moderate Rehabilitation ACC which provides for such a conversion of units; therefore, no amendment to the ACC will be necessary to convert to Existing Housing units.

(f) *Families Determined by the PHA to be Ineligible.* If a family is determined by the PHA to be ineligible in accordance with the PHA's HUD-approved application, either at the application stage or after assistance has been provided on behalf of the family, the PHA must promptly notify the family by letter of the determination and the reasons for it and the letter must state that the family has the right within a reasonable time (specified in the letter) to request an informal hearing. If, after conducting such an informal hearing, the PHA determines that the family is ineligible, it must so notify the family in writing. The procedures of this paragraph do not preclude the family from exercising its other rights if it believes it is being discriminated against on the basis of race, color, creed, religion, sex, handicap, or national origin.

§ 882.515 Reexamination of family income and composition.

A reexamination of Family Income, composition and redetermination of Gross Family Contribution must be conducted by the PHA at least annually. A Family's eligibility for housing assistance payments will continue until the amount payable by the Family equals the Gross Rent for the dwelling unit it occupies. However, the termination of eligibility at that point will not affect the Family's other rights under the Lease. Any resumption of housing assistance payments as a result of subsequent changes in income or rents or other relevant circumstances will be contingent upon the availability of assistance under the Contract (see § 882.512). A Family may at any time request a redetermination of its Gross Family Contribution on the basis of changes in Family Income or other relevant circumstances.

§ 882.516 Maintenance, operation and inspections.

(a) *Maintenance and Operation.* The Owner must provide all the services, maintenance and utilities as agreed to under the Contract, subject to abatement of housing assistance payments or other applicable remedies if the Owner fails to meet these obligations.

(b) *Periodic Inspection.* In addition to the inspections required prior to execution of the Contract, the PHA must inspect or cause to be inspected each dwelling unit under Contract at least annually and at such other times as may be necessary to assure that the Owner is meeting the obligations to maintain the unit in decent, safe and sanitary condition and to provide the agreed upon utilities and other services. The PHA must take into account complaints and any other information coming to its attention in scheduling inspections.

(c) *Units not Decent, Safe and Sanitary.* If the PHA notifies the Owner that the unit(s) under Contract are not being maintained in decent, safe and sanitary condition and the Owner fails to take corrective action (including corrective action with respect to the Family where the condition of the unit is the fault of the Family) within the time prescribed in the notice, the PHA may exercise any of its rights or remedies under the Contract, including abatement of housing assistance payments (even if the Family continues in occupancy), termination of the Contract on the affected unit(s) and assistance to the Family in accordance with § 882.514(e).

(d) *PHA Management.* Where the PHA is managing units on which it is also administering the Housing Assistance Payments Contract pursuant to a management contract approved by HUD in accordance with § 882.412, HUD will make reviews of project operations, including inspections, in addition to required PHA reviews. These HUD reviews will be sufficient to assure that the Owner and the PHA are in full compliance with the terms and conditions of the Contract and the ACC. Should HUD determine that there are deficiencies, it may exercise any rights or remedies specified for the PHA under the Contract or reserved for HUD in the ACC, require termination of the management contract, or take other appropriate action.

(e) Periodic PHA audits must be conducted as required by HUD, in accordance with guidelines prescribed by the Office of Management and Budget (OMB) Circular A-102, Attachment P—Audit Requirements.

Dated: July 19, 1982.

Philip Abrams,

General Deputy Assistant Secretary for Housing-Deputy Federal Housing Commissioner.

INCORPORATED BY

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unit is in Decent, Safe and Sanitary condition and that the Owner is otherwise in compliance with the terms of the lease. Subject to the foregoing and the provisions of Section 882.106, including the Fair Market Rent and rent reasonableness limitations of that section, adjustments in Contract Rents shall be as follows:

(1) *Annual Adjustment.* For Contracts entered into after September, 1978 an adjustment as of any anniversary date of the lease not to exceed the applicable Section 8 Annual Adjustment Factor (24 CFR Part 888) most recently published by HUD in the FEDERAL REGISTER, provided that the Owner has the legal right to terminate the tenancy as of such anniversary date. Contract Rents may be adjusted upward or downward, as may be appropriate; however, in no case shall the adjusted rents be less than the Contract Rents on the effective date of the Contract. For Contracts entered into prior to September, 1978, annual adjustments may be based on the percentage of change in the applicable published Existing Housing Fair Market Rents (with an appropriate reduction in the adjustment where utilities are paid directly by the Family), provided that the Owner has the legal right to terminate tenancy as of such anniversary date.

(2) *Special Adjustments.* A special adjustment, subject to HUD approval, to reflect increases in the actual and necessary expenses of owning and maintaining the unit which have resulted from substantial general increases in real property taxes, utility rates, or similar costs (i.e., assessments and utilities not covered by regulated rates), but only if and to the extent that the Owner clearly demonstrates that such general increases have caused increases in the Owner's operating costs which are not adequately compensated for by the annual adjustments provided for in paragraph (a)(1) of this section. The Owner shall submit financial statements to the PHA which clearly support the increase. Such adjustment shall be effective as of the date when the Owner has the legal right to terminate the tenancy, which need not be the anniversary date of the Contract.

(b) *Overall Limitation.* Notwithstanding any other provisions of this Part, adjustments as provided in this section shall not result in material differences between the rents charged for assisted and comparable (as defined in Sec. 882.106(b)) unassisted units as determined by the PHA (and approved by HUD in the case of adjustments under paragraph (a)(2)).

§ 882.109 Housing quality standards.

Housing used in this program shall meet the Performance Requirements set forth in this section. In addition, the housing shall meet the Acceptability Criteria set forth in this section except for such variations as are proposed by the PHA and approved by HUD. Local climatic or geological conditions or local codes are examples which may justify such variations.

(a) *Sanitary Facilities*—(1) *Performance Requirement.* The dwelling unit shall include its own sanitary facilities which are in proper operating condition, can be used in privacy, and are adequate for personal cleanliness and the disposal of human waste.

(2) *Acceptability Criteria.* A flush toilet in a separate, private room, a fixed basin with hot and cold running water, and a shower or tub with hot and cold running water shall be present in the dwelling unit, all in proper operating condition. These facilities shall utilize an approved public or private disposal system.

(b) *Food Preparation and Refuse Disposal*—(1) *Performance Requirement.* The dwelling unit shall contain suitable space and equipment to store, prepare, and serve foods in a sanitary manner. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary.

(2) *Acceptability Criteria.* The unit shall contain the following equipment in proper operating condition: cooking stove or range and a refrigerator of appropriate size for the unit, supplied by either the Owner or the Family, and a kitchen sink with hot and cold running water. The sink shall drain into an approved public or private system. Adequate space for the storage, preparation and serving of food shall be provided. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans).

(c) *Space and Security*—(1) *Performance Requirement.* The dwelling unit shall afford the Family adequate space and security.

(2) *Acceptability Criteria.* A living room, kitchen area, and bathroom shall be present; and the dwelling unit shall contain at least one sleeping or living/sleeping room of appropriate size for each two persons. Exterior doors and windows accessible from outside the unit shall be lockable.

(d) *Thermal Environment*—(1) *Performance Requirement.* The dwelling unit shall have and be capable of maintaining a thermal environment healthy for the human body.

(2) *Acceptability Criteria.* The dwelling unit shall contain safe heating and/or cooling facilities which are in proper operating condition and can provide adequate heat and/or cooling to each room in the dwelling unit appropriate for the climate to assure a healthy living environment. Unvented room heaters which burn gas, oil, or kerosene are unacceptable.

(e) *Illumination and Electricity*—(1) *Performance Requirement.* Each room shall have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. Sufficient electrical sources shall be provided to permit use of essential electrical appliances while assuring safety from fire.

(2) *Acceptability Criteria.* Living and sleeping rooms shall include at least one window. A ceiling or wall type light fixture shall be present and working in the bathroom and kitchen area. At least two electric outlets, one of which may be an overhead light, shall be present and operable in the living area, kitchen area, and each bedroom area.

(f) *Structure and Materials*—(1) *Performance Requirement.* The dwelling unit shall be structurally sound so as not to pose any threat to the health and safety of the occupants and so as to protect the occupants from the environment.

(2) *Acceptability Criteria.* Ceilings, walls, and floors shall not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling or noticeable mov[illegible] walking stress, missing p[illegible]us damage. The roof structure shal[illegible] and the roof shall be weathertight. The [illegible]or wall structure and exterior wall surface shall not have any serious defects such as serious leaning, buckling, sagging, cracks or holes, loose siding, or other serious dama[illegible] The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc., shall be such as not to present a danger of tripping or falling. Elevators shall be maintained in safe and operating condition. In the case of a mobile home, the home shall be securely anchored by a tiedown device which distributes and transfers the loads im[illegible] the unit to appropriate ground [illegible] so as to resist wind overturning [illegible]ding.

(g) *Interior [illegible]ality*—(1) *Performance Require[illegible]* [illegible] dwelling unit shall be free of po[illegible] in the air at levels which threaten t[illegible]alth of the occupants.

(2) *Acceptability Criteria.* The dwelling unit shall be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful air pollutants. Air circulation shall be adequate throughout the unit. Bathroom areas shall have at least one openable window or other adequate exhaust ventilation.

(h) *Water Supply.*—(1) *Performance Requirement.* The water supply shall be free from contamination.

(2) *Acceptability Criteria.* The unit shall be served by an approved public or private sanitary water supply.

(i) *Lead Based Paint.*—(1) *Performance Requirement.* (i) The dwelling unit shall be in compliance with HUD Lead Based Paint regulations, 24 CFR, Part 35, issued pursuant to the Lead Based Paint Poisoning Prevention Act, 42 U.S.C. 4801, and the Owner shall provide a certification that the dwelling is in accordance with such HUD Regulations.

(ii) If the property was constructed prior to 1950, the Family upon occupancy shall have been furnished the notice required by HUD Lead Based Paint regulations and procedures regarding the hazards of lead based paint poisoning, the symptoms and treatment of lead poisoning and the precautions to be taken against lead poisoning.

(2) *Acceptability Criteria.* Same as Performance Requirement.

(j) *Access.*—(1) *Performance Requirement.* The dwelling unit shall be usable and capable of being maintained without unauthorized use of other private properties, and the building shall provide an alternate means of egress in case of fire.

-(2) *Acceptability Criteria.* The dwelling unit shall be useable and capable of being maintained without unauthorized use of other private properties. The building shall provide an alternate means of egress in case of fire (such as fire stairs or egress through windows).

(k) *Site and Neighborhood.*—(1) *Performance Requirement.* The site and neighborhood shall be reasonably free from disturbing noises and reverberations and other hazards to the health, safety, and general welfare of the occupants.

(2) *Acceptability Criteria.* The site and neighborhood shall not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks, steps, instability, flooding, poor drainage, septic tank back-ups, sewage hazards or mudslides; abnormal air pollution, smoke or dust; excessive noise, vibration or vehicular traffic; excessive accumulations of trash; vermin or rodent infestation; or fire hazards.

(l) *Sanitary Condition.*—(1) *Performance Requirement.* The unit and its equipment shall be in sanitary condition.

(2) *Acceptability Criteria.* The units and its equipment shall be free of vermin and rodent infestation.

(m) *Congregate Housing—Performance Requirement.* The foregoing standards shall apply except for paragraph (b) of this section and the requirement in paragraph (c)(2) of this section for a kitchen area. In addition, the following standards shall apply:

(1) The unit shall contain a refrigerator of appropriate size.

(2) The sanitary facilities described in § 882.109(a) shall be contained within the unit.

(3) The central dining facility and central kitchen shall be located within the building or housing complex and be accessible to the occupants of the congregate units, and shall contain suitable space and equipment to store, prepare and serve food in a sanitary manner by a food service or persons other than the occupants and shall be for the primary use of occupants of the congregate units and be sufficient in size to accommodate the occupants. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans).

(n) *Independent Group Residence—Performance Requirement.* The foregoing standards shall apply except for paragraphs (a), (b), (c), (f), (k), and (m) of this section. In addition, the following standards shall apply: (1) The unit shall contain and have ready access to a flush toilet which can be used in privacy, a fixed basin with hot and cold running water, and a shower and/or tub equipped with hot and cold running water all in proper operating condition and adequate for personal cleanliness and the disposal of human wastes. These facilities shall utilize an approved public or private disposal system, and shall be sufficient in number so that they need not be shared by more than four occupants. Those units accommodating physically handicapped occupants with wheelchairs or other special equipment shall provide access to all sanitary facilities, and shall provide, as appropriate to needs of the occupants, basins and toilets of appropriate height; grab bars to toilets, showers and/or bathtubs; shower seats; and adequate space for movement.

(2) The unit shall contain suitable space to store, prepare and serve foods in a sanitary manner. A cooking stove or range, a refrigerator(s) of appropriate size and in sufficient quantity for the number of occupants, and a kitchen sink with hot and cold running water shall be present in proper operating condition. The sink shall drain into an approved private or public system. Adequate space for the storage, preparation and serving of food shall be provided. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans).

(3) The dwelling unit shall afford the Family adequate space and security. A living room, kitchen, dining area, bathroom, and other appropriate social and/or recreational community space shall be within the unit and the dwelling unit shall contain at least one sleeping room of appropriate size for each two persons. Exterior doors and windows accessible from outside each unit shall be capable of being locked. An emergency exit plan shall be developed and occupants shall be apprised of the details of the plan. Regular fire inspections shall be conducted by appropriate local officials. Readily accessible first aid supplies and fire extinguishers shall be provided throughout the unit, smoke detectors shall be provided and emergency phone numbers (police, ambulance, fire department, etc.) shall be available at every phone and individual copies shall be provided to each occupant. All emergency and safety features and procedures shall meet applicable State and local standards.

(4) The unit shall be structurally sound so as not to pose any threat to the health and safety of the occupants and so as to protect the occupants from the environment. Ceilings, walls and floors shall not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling or noticeable movement under walking stress, missing parts or other serious damage. The roof structure shall be firm and the roof shall be weathertight. The exterior wall structure and exterior wall surface shall not have any serious defects such as serious leaning, buckling, sagging, cracks or holes, loose siding, or other serious damage. The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc., shall be such as not to present a danger of tripping or falling. Elevators shall be maintained in safe and operating condition. Units accommodating physically handicapped occupants with wheelchairs and other special equipment shall not contain architectural barriers which impede access or use, and handrails and ramps shall be provided as appropriate.

(5) The site and neighborhood shall be reasonably free from disturbing noises and reverberations and other hazards to the health, safety, and general welfare of the occupants, and shall not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks, steps, instability, flooding, poor drainage, septic tank back-ups, sewage hazards or mudslides; abnormal air pollution, smoke or dust; excessive noise, vibrations or vehicular traffic; excessive accumulations of trash; vermin or rodent infestation; or fire hazards. The unit shall be located in a residen-

tial setting and be similar in size and appearance to housing generally found in the neighborhood, and be within walking distance or accessible via public or available private transportation to medical and other appropriate commercial and community service facilities.

(6) *Supportive Services.* (i) A planned program of adequate supportive services appropriate to the needs of the occupants shall be provided on a continual basis by a qualified Resident Assistant(s) residing in the unit, or other qualified person(s) not residing in the unit, who will provide such services on a continual, planned basis. Supportive services which are provided within the unit may include the following types of services: counseling; social services which promote physical activity, intellectual stimulation and/or social motivation; training or assistance with activities of daily living including housekeeping, dressing, personal hygiene and/or grooming; provision of basic first aid skills in case of emergencies; supervision of self-administration of medications, diet and nutrition; and assurance that occupants obtain incidental medical care, as needed, by facilitating the making of appointments at, and transportation to, medical facilities. Supportive services provided within the unit shall not include the provision of continual nursing, medical or psychiatric care.

(ii) The provision and quality of the planned program of supportive services, including the minimal qualifications, quantity and working hours of the Resident Assistant(s) living in the unit or other person(s) providing continual supportive services, shall be initially determined by the Service Agency in accordance with the standards established by the State. Compliance with these standards by the Service Agency shall be regularly monitored throughout the term of the Contract by the PHA and the State (e.g., Department of Human Resources, Mental Health, Mental Retardation, Social Services, etc.), or a local authority (other than the Service Agency providing services) designated by the State to establish, maintain and enforce such standards.

(iii) A written Service Agreement(s), approved by the State and in effect between the Owner and the Service Agency and/or the entities which provide the necessary supportive service, shall be submitted to the PHA with the request for Lease Approval. The Lease between the eligible individual and the Owner shall set forth the Owner's obligation for and means of providing these services. If the lessor provides the supportive services, a Service Agreement is not required and the provision of these services shall be incorporated into the Lease and shall be approved by the State. (See § 882.210(f)(2).)

(7) *State Approval.* Independent Group Residences shall be licensed, certified or otherwise approved in writing by the State (e.g., Departments of Human Resources, Mental Health, Retardation, Social Services, etc.) prior to the execution of the initial Contract. This approval shall be reexamined periodically based on a schedule established by the State.

To insure that facilities and the supportive services are appropriate to the needs of the occupants, the State shall also approve the written Service Agreement(s) (or Lease, if the provider of services is the lessor) for each Independent Group Residence. (See § 882.210(f)(2).)

§ 882.110 Types of housing.

(a) Any type of Existing Housing meeting the housing quality standards may be utilized under this part, except nursing homes, units within the grounds of penal, reformatory, medical, mental and similar public or private institutions, and facilities providing continual psychiatric, medical or nursing services. Examples of Existing Housing which may be utilized include, but are not limited to, privately owned apartments, houses and congregate housing units; existing FHA insured, Section 202 direct loan, Farmers Home Administration (FmHA) insured or direct loan, or VA guaranteed properties; properties held by the Secretary, or properties sold by the Secretary on which the Secretary has taken back a purchase money mortgage. Eligible types of Independent Group Residences include, but are not limited to, self-contained apartments and houses: *Provided,* They meet the requirements of § 882.109(n).

(b) Congregate housing may be utilized for eligible elderly, handicapped, disabled or displaced families or individuals. Independent Group Residences shall be utilized for eligible elderly, handicapped or disabled Families or individuals which require a planned program of continual supportive services.

(c) In any section 221(d)(3) below market interest rate (BMIR) or market interest rate (MIR), section 202, section 236 (insured or non-insured), FmHA section 515 interest credit project:

(1) units receiving assistance under the section 23 or rent supplement programs may continue to receive such assistance or, upon conversion of the section 23 units to section 8, the occupants may receive assistance under section 8, and (2) the occupants of units not receiving such assistance may receive section 8 assistance, provided that the total number of units in the project covered by Housing Assistance Payments Contracts under section 8 or receiving section 23 rental assistance, rent supplement assistance, section 236 "deep subsidy" rental assistance payments, or State or local subsidy (other than property tax exemption or abatement) does not exceed 40 percent of the total number of units in the project. Upon request, this limitation may be exceeded for the purpose of relieving hardship of a particular Family or Families only with the approval of the Regional Administrator. Prior to granting such an approval, the Regional Administrator will review the request to determine whether assistance under Part 886, Subpart A, "Additional Assistance Program for Projects with HUD-insured and HUD-held Mortgages" is more appropriate and whether such assistance can be scheduled.

(d) For any section 221(d)(3) BMIR, section 202, section 236 (insured or noninsured), or FmHA section 515 interest credit unit or any State or locally subsidized unit, the housing assistance payment shall be the amount by which the rent payable by the Eligible Family under section 23 or section 8 is less than the subsidized rent (which subsidy shall not be reduced on account of any section 23 or section 8 assistance).

(e) In no event may any occupant receive the benefit of more than one of the following: rent supplement, section 23 housing assistance, section 8 housing assistance, or section 236 "deep subsidy" rental assistance payments.

§ 882.111 Equal opportunity requirements.

Participation in this program requires compliance with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063 and all rules, regulations, and requirements issued pursuant thereto. The PHA shall comply with section 3 of the Housing and Urban Development Act of 1968 and all rules, regulations and requirements issued pursuant thereto.

§ 882.112 Security and utility deposits.

(a) If at the time of the initial execution of the Lease the Owner wishes to collect a security deposit, the maximum amount shall be the greater of one month's Gross Family Contribution or $50. However, this amount shall not exceed the maximum amount allowable under State or local law. For units leased in place, security deposits collected prior to the execution of a Contract which are in excess of this maximum amount do not have to be refunded until the Family vacates the unit subject to the lease terms. The Family is expected to pay security deposits and utility deposits ment to Guaranty Mortgage-backed Securities.

(c) The notification will include a statement that the proceeds of the sale of the obligations will be used to purchase the mortgage-backed securities.

§ 811.211 Delivery of proceeds and final endorsement.

(a) The proceeds of the sale of the obligations will be delivered to the trustee.

(b) In addition to the required HUD documentation prior to final endorsement, the owner will submit a certified statement of the amounts included in the mortgage that were expended for cost of issuance, and the financing agency and trustee will submit a certified statement of investment income earned, interest payments made during the escrow period and of the disposition of any investment income. Records of this cost data will be available to HUD upon request.

PART 812—DEFINITION OF FAMILY AND OTHER RELATED TERMS; OCCUPANCY BY SINGLE PERSONS

Sec.

812.1 Purpose and scope.
812.2 Definitions.
812.3 Authorization to admit single persons.
812.4 Effect of authorization on contract provisions.

AUTHORITY: Sec. 2(f) of Housing Authorization Act of 1976 (42 U.S.C. 1437a); sec. 7(d), Department of HUD Act (42 U.S.C. 3535(d)), unless otherwise noted.

SOURCE: 42 FR 23582, May 9, 1977, unless otherwise noted.

§ 812.1 Purpose and scope.

The purpose of this part is to establish a definition of the term Family and other related terms applicable to all housing assisted under the United States Housing Act of 1937 (the Act). In addition, this part prescribes criteria and procedures for occupancy in low-income and lower income housing projects assisted under the Act by Single Persons who are not otherwise eligible by reason of qualification as an Elderly Family or Displaced Person or as the remaining member of a tenant family. This part also incorporates the statutory 15 percent limitation. (See § 812.3(f)) This part is applicable to all housing assisted under the Act.

[47 FR 38283, Aug. 31, 1982]

§ 812.2 Definitions.

The following definitions shall be applicable to all housing assisted under the Act:

(a) *Disabled person.* "Disabled Person" means a person who is under a disability as defined in Section 223 of the Social Security Act (42 U.S.C. 423) or in Section 102(b)(5) of the Developmental Disabilities Services and Facilities Construction Amendments of 1970 (42 U.S.C. 6001(7)).

(b) *Displaced person.* "Displaced Person" means a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

(c) *Elderly family.* "Elderly Family" means a family whose head or spouse or whose sole member is at least sixty-two years of age, or a Disabled Person as defined in this section or a Handicapped Person as defined in this section, and may include two or more elderly, Disabled or Handicapped Persons living together, or one or more such persons living with another person who is determined to be essential to his or her care and well being.

(d) *Family.* (1) "Family" includes but is not limited to (i) an Elderly Family or Single Person as defined in this part, (ii) the remaining member of a tenant family, and (iii) a Displaced Person.

(2) "Family" does not include a nonimmigrant student-alien, as defined in this section, provided, however, that if such alien was a tenant in housing assisted under the United States Housing Act of 1937 (hereafter "Act") and was receiving assistance on November 17, 1981, such assistance may be continued during the current term of the lease of such alien. When the lease of a nonimmigrant student-alien assisted under the Act, other than one occupying public housing as defined in the

Act, terminates after November 17, 1981, the alien shall have the option of vacating the unit or (subject to compliance by such alien with all other conditions to continued occupancy of the unit) entering into a new lease without the benefit of assistance under the Act. When the lease of a nonimmigrant student-alien residing in public housing assisted under the Act, terminates after November 17, 1981, the public housing authority shall require the tenant to vacate the unit.

(e) *Handicapped person.* "Handicapped person" means a person having a physical or mental impairment which (1) is expected to be of long-continued and indefinite duration, (2) substantially impedes his or her ability to live independently, and (3) is of such a nature that such ability could be improved by more suitable housing conditions.

(f) *Single person.* "Single Person" means a person living alone or intending to live alone and who does not qualify as an Elderly Family or a Displaced Person as defined in this part, or as the remaining member of a tenant family.

(g) *Nonimmigrant Student-Alien.* "Nonimmigrant student-alien" means an alien having a residence in a foreign country which he/she has no intention of abandoning, who is a bona fide student qualified to pursue a full course of study and who is admitted to the United States as a nonimmigrant alien as defined in Section 101(a)(15)(F)(i) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(F)(i)) temporarily and solely for the purpose of pursuing such a full course of study at an established institution of learning or other recognized place of study in the United States. Nonimmigrant student-alien also means the alien spouse and minor children of such student if accompanying him/her or following to join him/her.

(Sec. 7(d), Department of HUD Act (42 U.S.C. 3535(d)); United States Housing Act of 1937 (42 U.S.C. 1437 et seq.); Department of Housing and Urban Development—Independent Agencies Appropriation Act 1978, section 408; sec. 214, Housing and Community Dev. Act of 1980 (42 U.S.C. 1436a))

[42 FR 23582, May 9, 1977, as amended at 42 FR 63744, Dec. 19, 1977; 46 FR 56423, Nov. 17, 1981]

§ 812.3 Authorization to admit single persons.

(a) *Requirement for HUD authorization.* No PHA or private owner shall admit Single Persons to any housing assisted under the Act except pursuant to an authorization issued by the HUD Field Office Director in accordance with this section, except as provided in paragraph (b)(2) of this section.

(b) *Types of projects eligible for authorization.* (1) The HUD Field Office Director may authorize any PHA or private owner to permit Single Persons to occupy any project for which the PHA or private owner has the authority to select tenants or intends to acquire that authority if (i) the project is one which has been or is intended to be converted to a low-income or lower-income project assisted under the Act, and (A) Single Persons are residing in the project at the time of conversion, or (B) the Director determines that the project is not suitable for occupancy by the elderly, disabled, or handicapped because of design or location; or (ii) the project is a low-income or lower-income project receiving assistance under the Act and is experiencing sustained vacancies as evidenced by one or more units having been vacant for a period of sixty days or more and no eligible applicants other than Single Persons are available.

(2) A PHA administering a Section 8 Existing Housing Program pursuant to Part 882 of this chapter is authorized to issue a Certificate of Family Participation to a Single Person who otherwise qualifies without specific authorization from the Field Office Director provided that (i) no more than 15 percent of the units in the PHA's Existing Housing Program for which Leases are approved by the PHA are leased by Single Persons, and (ii) the PHA determines that issuance of a Certificate to a Single Person is appropriate because rehabilitation of an existing structure (not assisted pursuant to the Act), resulting in increased rents, would require the Single Person to either pay

more than 25 percent of income towards rent or move out.

(c) *Authorization for occupancy by single persons.* The Field Office Director may request the PHA or private owner to submit an application for authorization to permit Single Persons to occupy a project meeting criteria of § 812.3(b)(1). In addition, any PHA or private owner may initiate an application for such authorization. The application shall be submitted to the appropriate HUD Field Office in the form of a letter which shall include the following:

(1) Identification of the project or projects involved and the maximum number of units for which the authorization is requested.

(2) A copy of the tenant selection policy which shall govern occupancy by Single Persons or, in the case of a project receiving assistance under Parts 880, 881, 883, or 886 of this chapter, as statement that the selection criteria set forth in the Management Plan applicable to the project will be adhered to in the selection of Single Persons.

(3) A narrative justification for the request including, in cases where the request is based on vacancies in a project already receiving assistance, a description of the PHA's or private owner's efforts to attract eligible applicants other than Single Persons to the project or projects involved.

(d) *Approval.* The HUD Field Office shall notify the PHA or private owner in writing of the action taken with respect to the application which may be one of the following:

(1) Approval as requested.

(2) Approval for a lesser number of units or projects than requested and any other conditions or modifications.

(3) Disapproval, with a statement of the reasons. In the event of approval, the letter of approval shall constitute the authorization to the PHA or private owner to permit Single Persons to occupy the specified number of units under the specified conditions.

(e) *Priority to elderly and displaced persons.* Notwithstanding any authorization to permit occupancy by Single Persons, a PHA or private owner shall extend preference to Elderly Families (including Disabled Persons and Handicapped Persons) and Displaced Persons over Single Persons unless the Field Office Director has determined pursuant to paragraph (b)(1)(i) of this section that the project or portion of such project is not suitable for occupancy by the elderly, disabled, or handicapped.

(f) Statutory 15 percent limitations pursuant to Section 3(2)(D) of the Act. The number of units authorized by the HUD Field Office to be made available to Single Persons within the area under the jurisdiction of a PHA shall not exceed 15 percent of the difference between the total number of units within the jurisdiction assisted under the Act at the time of the authorization and the number of units under the Existing Housing Program (24 CFR Part 882, Subparts A and B) within the jurisdiction.

[42 FR 23582, May 9, 1977, as amended at 47 FR 38283, Aug. 31, 1982]

§ 812.4 Effect of authorization on contract provisions.

Notwithstanding the provisions of any contract or agreement pursuant to the Act, defining terms otherwise than as defined in § 812.2, PHAs or private owners are authorized to house Single Persons in accordance with an authorization by HUD pursuant to this part.

PART 813—DEFINITION OF INCOME, INCOME LIMITS, RENT AND REEXAMINATION OF FAMILY INCOME FOR THE SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAMS AND RELATED PROGRAMS

Sec.

813.101 Purpose and applicability.
813.102 Definitions.
813.103 Overall income eligibility for admission.
813.104 Admission to units available before October 1, 1981.
813.105 Admission to units available on or after October 1, 1981.
813.106 Annual income.
813.107 Total tenant payment.
813.108 Utility reimbursement.
813.109 Initial determination, verification, and reexamination of family income and composition.
813.110 Transition provisions.

Chairman **Gonzalez**. I am going to recognize Mr. Kleczka, and then—who is a member of the subcommittee—and then Mr. Nowak, I will be glad to recognize you in case you have some questions you want to ask for the record.

Mr. **Kleczka**. If I might, I would like to yield to Mr. Nowak since the line of questioning is quite similar to Mr. LaFalce's.

Chairman **Gonzalez**. Mr. Nowak—if there is no objection, I will recognize Mr. Nowak, who is not a member of the subcommittee.

Hearing none, we recognize Mr. Nowak.

Mr. **Nowak**. I thank the chairman and can only say if he is interested in sewers, he can come to my Public Works meeting, too.

Chairman **Gonzalez**. I am very interested.

Mr. **Nowak**. Let me ask a couple of questions relating to the general selection process, the local selection process.

In discussing this matter and the press reports and also the information that we received from the State legislator's staff person, we were looking at how the process has changed and the deliverance of units to a PHA for the communities involved.

In fact, there seems to be a decentralization in the act which requires that PHA's determine their own selection criteria, and I was wondering if there is anything that you know of as you are going through this investigation in the HUD guidelines to indicate to the PHA's the parameter of their selection process.

Mr. **Adams**. I am not aware of any.

Mr. **Nowak**. What you are saying is for all the PHA's throughout the country, HUD has not imposed, if you will, any specific criteria for them to judge or—any specific requirements for them to look at the different proposals that come before them.

You are letting—my understanding is that you are leaving that pretty much up to the, "local PHA's" to determine for themselves.

Mr. **Adams**. That is correct, sir.

Mr. **Nowak**. The only thing that we could find relating to this is there in 24 CFR 882.503 and 504 which are published regulations relating to this so-called selection process—let me read some of this to you.

882.503 states:

> After public notice regarding the availability of funding, the PHA must develop a proposal format for owners wishing to participate in the program. At a minimum, the following information is required,

And they go on with seven requirements—

> Identification of the owner and building size of bedroom units, rehab, rent history by bedroom size, the tenant information, prior participation of the owner in HUD programs, and the owner's plans for managing and maintaining the units under the proposal.

Those have been published. I was wondering if you are using, and in your audit of the Buffalo situation, if you are using any of these criteria to see they were followed in either the city or the county's PHA.

Mr. **Adams**. Yes; we will be using those. In the audit process, we look at existing regulations or guidelines and measure performance against that with the view of determining whether or not some revision should be made to the guidelines.

Mr. **Nowak**. Since these are published for all PHA's to be guided by, do you know if they have been, in fact, followed in the Buffalo area?

Mr. **Adams**. We are not at the point of making that kind of determination yet.

Mr. **Nowak**. That will be part of your process and audit conclusions?

Mr. **Adams**. That is part of our objectives; yes.

Mr. **Nowak**. All of the so-called decentralization of this process has given great authority and power, really, to the local PHA's, and my understanding is that except for the rent audits that were performed periodically by your office, there hasn't been really an audit to look at whether this kind of criteria or how the selection process is handled and if it is handled differently by different PHA's.

Is that correct?

Mr. **Adams**. I believe that is correct, sir. We were relying on the integrity of the localities.

Mr. **Nowalk**. When you rely on that integrity, you don't look at the developer who was selected at all or the competitive process of the proposals that were submitted?

Mr. **Adams**. No; we have not at this point, sir.

Mr. **Nowak**. Well, with the various cities that have had problems with this program, is that going to be part of the process or don't you think it should be part of your overall process or somebody at HUD with some oversight to look at the selection process for the PHA's?

Mr. **Adams**. We prepare an annual audit plan, and we try to target areas we think have potential concern. We will consider that as part of the process.

Mr. **Nowak**. In the Buffalo situation, there were a mixed number of developers who had participated and worked for the PHA at one time in the preceeding year or so.

Has this been a common occurrence throughout your program?

Mr. **Adams**. I don't have enough information to draw any conclusion in that area, sir.

Mr. **Nowak**. When you had mentioned you will be finished within 60 or 90 days, is this in coordination with the FBI—would you anticipate theirs would be completed at the same time?

Mr. **Adams**. I have no way of judging that. Our completion may be somewhat driven by what activity they have ongoing at that point, also.

Mr. **Nowak**. With your recommendations and conclusions of your audit, if documented by your audit, would you envision recommending any changes in the program to the subcommittee here?

Mr. **Adams**. Depending on what we would find, I think that would be an appropriate course; yes.

Mr. **Nowak**. Both the regulation changes and the legislative changes and the possibility of oversight for the area directors to go into these programs?

Mr. **Adams**. We will consider all those facets as we proceed with our work, sir.

Mr. NOWAK. Part of your audit also will be not only whether the selection criteria were followed as outlined, but also how any of the local developers were chosen out of that process?

Mr. ADAMS. Correct, sir.

Mr. NOWAK. I would hope that we could get to the stage where even though we want it, it would seem to me the theory of this administration to deregulate—if we are going to do that and pass on substantial authorities to the local PHA's, we should also at the same time retain for some division of the Federal Government, because of the amount of dollars going out, some oversight both as to the—you know, whether they are following the specific information that has been provided and also, of course, how they are selecting the ultimate developers for this rehab money.

And I would like to see at least that addressed very strongly in your report.

Mr. ADAMS. Oversight is maintained on all Federal funds in the audit process. In connection with the housing agencies, we have cognizant responsibility for most of those, many of which are done by independent public accountants. We oversight the work they do.

Mr. NOWAK. You have oversight, perhaps, on the rent being charged, but it doesn't seem to me like there is any oversight as to who is receiving these units. And once the allocation is made to an area, the PHA's are on their own, and they become, in essence, the main distributors of the Federal funds.

You don't have any periodic audit by HUD region or HUD area or in the Federal set up to go in there and make sure those Federal funds which are substantial dollars are ever being reviewed.

Mr. MCKINNEY. Will the gentleman yield for a moment?

Mr. NOWAK. I would be happy to yield.

Mr. MCKINNEY. You touched on a number of my complaints. We in Congress are the money suppliers. Except for public health, safety and abuse, we can do nothing about the housing authorities.

In the city of Bridgeport, we had three of the five commissioners under indictment. How these men can be making decisions, having just stolen copper off of roofs, is beyond me. How are they going to make any financial decisions when we are paying the bill?

My taxpayers are paying this bill. I think one of the systemic problems we have is we dole out money to an agency which does not want to take over public housing.

I have forgotten exactly how many public housing authorities there are in this country, but it is mind-boggling.

So, you have a reluctance on HUD's part to get involved in a hands-on basis, which is understandable. There are not enough people in the Government to handle these things.

Two, you have proof that we are endangering the lives of people. It took me 5 years to get private management in the Public Housing Authority in Bridgeport, CT; 5 solid years.

There is no money, but that is neither here nor there. I keep coming back to the systemic problem. I don't think you can run an organization where we hand out the money and another guy spends it in our name.

In Bridgeport nobody but nobody gives a darn about the Public Housing Authority as far as the voters are concerned, and yet those Commissioners are spending millions and millions of dollars.

I don't know how it has been for my friends from upper New York State, but I never saw the $4.5 million for "Father Panik"? Where was the $7 million?

I am not accusing people of stealing millions of dollars, but I am saying there is a systemic problem with a system that gives HUD no authority, and we have to change that, Mr. Chairman.

We really have got to change that and make HUD rise like the Phoenix from the ashes in the housing authorities of this country, because they supply the money.

Mr. NOWAK. I thank the gentleman for his comments, and I thank the chairman for his courtesy of allowing me to come on this panel. And I certainly look forward to seeing that report and working with this subcommittee for any changes that may be recommended.

Thank you very much.

Chairman GONZALEZ. Mr. Kleczka.

Mr. KLECZKA. Thank you, Mr. Chairman.

I would like to remind Congressman Nowak before he leaves, I am not aware of any sewer projects in San Antonio, but we are faced in Milwaukee with about 2 billion.

So, as you leave, keep Milwaukee and Milwaukee County in mind. Make the 3 billion, and we will take care of San Antonio right away.

Thank you again, Mr. Adams, for appearing. In questioning by the chairman, you indicated that you have been with the agency since 1970, at least.

Mr. ADAMS. 1962, sir.

Mr. KLECZKA. The formation of the inspector general's type operation was incepted in 1970.

Mr. ADAMS. Yes.

Mr. KLECZKA. You are physically located within the Department of Housing and Urban Development, are you not?

Mr. ADAMS. Yes.

Mr. KLECZKA. I am wondering how dependent you are on this Secretary and past Secretaries on staffing and budget? Could you indicate to the committee what the agency role is as far as your independence?

Mr. ADAMS. Yes, our budget follows the departmental budget. This Secretary and previous Secretaries have always been favorably disposed to requests from us. Our cuts more often occur at the OMB level.

Mr. KLECZKA. Are you ever asked to change an investigative report you are about to issue?

Knowing of the experience of Milwaukee, naturally you don't want to rush into a final report, but there were several levels of review.

Were you ever requested by any of the Secretaries you worked for, including the incumbent, to tone down a report or change it in any way?

Mr. ADAMS. Never, sir.

Mr. KLECZKA. So, you are stating you are totally independent of your bosses within the agency.

Mr. ADAMS. I feel I am, sir. I feel I have the opportunity if I am so approached to come to you or any other Member of Congress, and that is my responsibility.

Mr. KLECZKA. This might not be the time to move forward on a proposal similar to this, but do you think there is wisdom in having a separate agency composed of all inspector generals?

Mr. ADAMS. No, sir; I do not. I think there are distinct advantages to each department or agency having their own. I think it would be too much of a competition for resources, as there is with the General Accounting Office already.

The Congress has that body to raise the broader issues, and I think that the inspectors general being located in their individual departments and agency play a very distinct role.

One, they have specific knowledge concerning their departments and agencies that contributes to their successful completion of their work. I think my years of experience in HUD contribute substantially to my ability to perform.

Mr. KLECZKA. I hope all the other inspectors general have the same degree of independence you claim before the committee.

Now, you have been with the agency for some time, and through four or five administrations, working basically with the same programs.

Have you ever in your tenure with the Department seen this much array in HUD programming as we are seeing over the last 2 years?

Mr. ADAMS. I think in the early 1970's we had considerable problems with the housing programs in the Department. As I mentioned to the chairman earlier, I think we have brought a lot of attention upon ourselves because we have sought to uncover these things and correct them, and at the same time we paid the price with the additional publicity and may have led to a perception of greater problems than in previous periods.

Mr. KLECZKA. Mr. Adams, how widespread is the problem? We read the reports of Camden followed immediately by Milwaukee, now the Houston problem is developing. How many other urban areas have a similar type situation that you haven't even started to investigate yet?

Mr. ADAMS. We are investigating all those we are aware of at the present time.

We do have other locations where we are doing work. Part of the current activity is a reflection of changes in the economy, and in Houston where there is a depreciated real estate market which causes that to be a more severely affected area.

People are delinquent, unable to dispose of property, so they are trying to get out from under a mortgage and let someone assume it.

Those changing conditions always contribute to housing abuse and fraud, I believe.

Mr. KLECZKA. As far as the question of how widespread the abuses, a New York Times article indicated there was suspicion; there was a whisper campaign going on or some type of organized move.

Since basically, the problems are not identical but similar in some of these urban areas, do you have a comment on the validity of that contention?

Mr. ADAMS. I think there are only so many basic schemes with a lot of variations on those, and you are only limited by the imagination of the people involved.

Many of those have been publicized by the press, and depending on your local laws or State laws, they have to adapt those to fit the situation.

Mr. KLECZKA. Are you aware of an August 1982 Washington headquarters staff review of the Milwaukee single housing program?

Mr. ADAMS. Yes; I am.

Mr. KLECZKA. If one would look at that report, he or she would find some of the abuses were quite similar to what you found in 1984.

The most glaring is the fee appraiser problem. Mr. Adams, what went wrong? HUD had in-house its own review indicating problems existing in Milwaukee and yet 2 years later, because of your efforts and the press efforts in Milwaukee surfaced were the exact problems.

What happened to the 1982 report? Was it not read, was it not believed?

Mr. ADAMS. It seems to be a lack of follow-through. In our situation, we have a system by which we have follow-through in our audit recommendations. The recommendations you referred to were done by the headquarters staff, and it seems someone failed to follow through on those.

Mr. KLECZKA. Do you find that common in the HUD agency, outside of your own office, naturally, there is a lack of follow-through?

Mr. ADAMS. We find some instances, but it is not a prevalent situation, in my mind.

Mr. KLECZKA. As I indicated, one of the major problems in the Milwaukee-Camden case was the appraiser problem. In your testimony, you also talk about the loan origination problem which was existent.

Since your investigations or your reports have been issued, what has the agency done to correct those two major, major abuses?

Mr. ADAMS. Well, most recently the Secretary created a special task force to review the whole single family insurance area.

Mr. KLECZKA. You are saying the abuses are becoming more and more widespread, there is a pattern, and the response by the Secretary was to create a study group?

Mr. ADAMS. Yes. The task force is in the process of completing its study at this point and should be soon making recommendations to the Secretary on some specific actions to be taken.

I am very pleased, myself, by the reaction of the task force. They have dealt with us substantially. They have availed themselves of much of the work; in fact, all of the work we have done.

We have shared techniques we have developed using computer programs to define default areas. They have addressed the appraisal question by requiring photographs of comparables. They are concerned with the interface between us and the Veterans' Administration on CRV's.

Mr. **Kleczka**. Those are all recommendations in the report?

Mr. **Adams**. Some actions have been taken and others are tentative recommendations in the report. The final report is not yet out.

Mr. **Kleczka**. When is it going to be made public?

Mr. **Adams**. I am informed very soon, a matter of days or weeks at this point.

Mr. **Kleczka**. Hours, days, or weeks, or just days and weeks?

Mr. **Adams**. Days and weeks, I am told.

Mr. **Kleczka**. Basically, in your last paragraph of your statement, you indicate that the administration of housing—or you indicate that HUD is taking positive steps to identify and eliminate the weaknesses in the housing programs, and by that, you mean they have called for the study, basically.

Mr. **Adams**. No; I think the nature of the recommendations they make will be addressing those real identified problems in the program, and we are going to be pushing to see those are implemented.

Mr. **Kleczka**. What changes have they incepted since, say, the Camden-Milwaukee report? Have they changed loan origination fees, rules and regulations? Have they done anything about the forfee appraisers?

Mr. **Adams**. For instance, they take one office each month and sample a number of applications that have been processed and do a post-review on those at the headquarters level to determine the quality of the processing.

They are looking at the sanctions process to determine if——

Mr. **Kleczka**. They haven't changed any rules or regulations, they are stepping up their monitoring of the various offices around the country. But knowing full well there is a problem with fee appraisers, they have done nothing to change that, they are waiting for the study?

Mr. **Adams**. On the fee appraisers, they are using photographs of comparables. Last year, I am told, the Department sanctioned some 400.

Mr. **Kleczka**. That is a review process; they haven't changed the system itself.

Mr. **Adams**. That is correct.

Mr. **Kleczka**. Which seems to have broken down in at least two instances. On page 6 of your statement, you indicated as a result of the Milwaukee investigation that your office is monitoring the implementation of your recommended actions. What is the form of that monitoring?

Mr. **Adams**. We make the recommendations, management reacts to those, provides us with a reaction to the action they propose to take. We will go back to validate whether such actions were taken.

Mr. **Kleczka**. Translate that into regular talk. I didn't understand that whole thing.

Mr. **Adams**. We make a finding as to a condition.

Mr. **Kleczka**. You have already made the finding. You have indicated you have made the finding and now are monitoring the Milwaukee office. How does that——

Mr. **Adams**. How do we——

Mr. **Kleczka**. Are you sending people down there?

Mr. **Adams**. Yes; we will be.

Mr. Kleczka. You haven't yet?

Mr. Adams. No, sir; we have not.

Mr. Kleczka. Are you asking them to send various cases up to the D.C. office for review?

Mr. Adams. No, sir. That was not part of our process.

Mr. Kleczka. So, your monitoring is that you are going to send people down to Milwaukee to look over their files and their changes to your recommendations, you have not done that yet?

Mr. Adams. No, sir.

Mr. Kleczka. You indicate your office is monitoring the implementation but not monitoring it yet.

Mr. Adams. No, sir. Let me clarify that. We are going out to test to see whether or not they implemented the changes they promised us they would make.

Mr. Kleczka. Who is doing the testing, the Milwaukee individuals?

Mr. Adams. No; our staff out of Chicago. You mentioned the question of independence earlier. We have staff located in each of the 10 regional offices, and those people only report to me. They are not in any way encumbered by the regional structure or anything else.

So, those people will be the ones verifying the actions taken by the Milwaukee office.

Mr. Kleczka. The Chicago regional office will be traveling to Milwaukee.

Mr. Adams. Correct.

Mr. Kleczka. How many times have they gone to Milwaukee up to this date?

Mr. Adams. Numerous times. We have staff almost constantly up there to work on investigations or with prosecutors. As you are aware, there is a series of trials going on.

Mr. Kleczka. Yes; but that is attending to the investigation, but not part of the administration problems we found in the Milwaukee head office.

Are you aware of—are you saying Chicago is monitoring the suggestions?

Mr. Adams. Right.

Mr. Kleczka. Is there any report on how Milwaukee is complying?

Mr. Adams. No. Such a report should be forthcoming.

Mr. Kleczka. Are any of these gentlemen from the Chicago office?

Mr. Adams. No, sir. Mr. Switzer has oversight responsibility for the audit staff that makes recommendations.

Mr. Kleczka. There will be a report forthcoming on whether or not the Milwaukee administrators have complied with your recommendations?

Mr. Adams. Correct.

Mr. Kleczka. When will that be available?

Mr. Adams. Steve says as soon as we complete the work. We don't have any specific date yet.

Mr. Kleczka. Something like the task force report, it could be days or weeks.

Mr. Adams. We hope it will be promptly.

Mr. **Kleczka**. It sounds like the Federal Government. Are you aware, Mr. Adams, of any staff changes in the Milwaukee office?

Mr. **Adams**. Not personally. Are you talking about individuals or——

Mr. **Kleczka**. Individuals, right. Personnel changes.

Mr. **Adams**. No, sir. No; I am not.

Mr. **Kleczka**. So here is an office which in 1982 was told through a D.C. management report that certain—there are certain problem areas. Evidently, nothing was done. There was no follow-up. Then in 1984, the whole program hit the fan, and not only do we have some serious administrative changes being leveled, but also indictments.

And you mean to tell me that between 1982 and today no staff changes have been made in the Milwaukee office, indicating to myself and the public that everyone there is just doing a fine job.

Mr. **Adams**. No; let me clarify that. I am just not personally aware of any changes made.

Mr. **Kleczka**. Do you think it is odd people would remain? Do you think some changes would be made, some heads would roll, especially since they didn't heed HUD's advice 3 years ago? Is that kind of odd?

Mr. **Adams**. I would think so. Our recommendations went more to changes in policies and procedures than to personalities.

Mr. **Kleczka**. Yes; but in other—OK, let me ask a situation or the case in point at Camden. Were there any staff changes made there?

Mr. **Adams**. No, sir.

Mr. **Kleczka**. It seems those administrators are doing a hell of a job, too. It sounds like the old boys club, just keep prodding along. You don't have to answer to that one.

Again, thank you for your appearance. I will be looking forward to the two reports, one of which you have control over. That is the Chicago regional report.

Mr. **Adams**. Yes, sir.

Mr. **Kleczka**. And then the task force report by the Secretary. Thank you, sir. Thank you, gentlemen. Thank you, Mr. Chairman.

Chairman **Gonzalez**. Thank you.

Mr. Kanjorski.

Mr. **Kanjorski**. Thank you, Mr. Chairman.

Mr. Adams, I was interested in your statements from the standpoint I would like to follow up on some of Mr. Kleczka's questions. What is the budget for the Inspectors Generals' Office in HUD?

Mr. **Adams**. About $23 million, sir.

Mr. **Kanjorski**. Do you feel that is sufficient to do your job?

Mr. **Adams**. Yes; I do, at this time.

Mr. **Kanjorski**. You mentioned the investigations and prosecutions. I know you had 137 indictments of persons participating in rent fraud and recoveries of $690,000.

What other indictments and convictions and recoveries have you made for the Federal Government as a result of your investigations last year?

Mr. **Adams**. In fiscal year 1985 we had 446 indictments, 310 convictions. And the cash recoveries were over $3.7 million.

Mr. KANJORSKI. 3.7 million?

Mr. ADAMS. Yes.

Mr. KANJORSKI. 446 indictments?

Mr. ADAMS. Yes, sir.

Mr. KANJORSKI. How many convictions?

Mr. ADAMS. 310.

Mr. KANJORSKI. Were these primarily individuals, were these people inside of HUD, the Federal Government, developers or what?

Mr. ADAMS. Most of those were external to the Department. I think there was only one HUD employee involved.

Mr. KANJORSKI. One HUD employee last year. What level?

Mr. ADAMS. I don't recall that one. Maybe Pat can respond to that. I just don't recall that at the present time, sir.

Mr. KANJORSKI. The 446 indictments, did they primarily deal with tenants?

Mr. ADAMS. No, sir.

Mr. KANJORSKI. Who did they deal with?

Mr. ADAMS. It is a broad range. It could be realtors, mortgage company officials, it could be developers. It could be almost anyone who participates in the HUD programs.

Mr. KANJORSKI. Now, are you monitoring programs such as community development program applications, UDAG applications?

Mr. ADAMS. Not the applications, per se, sir.

Mr. KANJORSKI. How do we know as a committee when we authorize that department of Government to dispense a half a billion dollars that the dispensement of that half a billion dollars is being done fairly, legally, and ethically?

Mr. ADAMS. We do that through a process of internal audit work, which is a random sampling. We go out and look at a program to see whether or not it is being administered as mandated by the Congress and by the regulations as published in the Federal Register.

Mr. KANJORSKI. When you say a random sample, how many random samples have you taken? How are the selections made?

Mr. ADAMS. Each year we prepare an annual audit plan and give broad coverage to the Department's programs. We look at those which are new as well as those for which there has been interest expressed by the Congress at a certain time. In any given year, we never look at whole programs. It would be a physical impossibility.

We do a ranking and rating, and we take an office, hypothetically Milwaukee or some other office, and see how that particular office is administering the program.

Mr. KANJORSKI. What do you do inside the Department?

Mr. ADAMS. I will let Mr. Switzer address that. It is his particular area.

Mr. KANJORSKI. So that you understand my question, how do we know there is not something wrong down here in Washington in terms of who gets UDAG grants, block grants, et cetera?

Mr. SWITZER. What we do in connection with the internal audits, as Mr. Adams mentioned, we will look into the process used in the Department to administer the program, and if, during the course of our audit work, something comes to our attention which would indicate that there is a problem, then obviously we will make a recommendation.

Mr. KANJORSKI. Let me ask you a question. How are you going to find out one consultant has special access to the Department?

Mr. SWITZER. Unless something like that is brought to our attention, it would—we would stumble across it.

Mr. KANJORSKI. Do you guys read the Washington Post?

Mr. SWITZER. Yes, sir.

Mr. KANJORSKI. When you see something in the Washington Post, do you investigate it?

Mr. SWITZER. When we find something in the Post like that, we will look into it to see if that causes us to see something that makes us look further.

Mr. KANJORSKI. What is the special thing that triggers it after you see something in the Post?

Mr. SWITZER. I am sorry?

Mr. KANJORSKI. What is the condition that makes you look further?

Mr. SWITZER. If, in our preliminary look in responding to something like that we see—I will give an example of where we wouldn't.

If we see something in the Post that says a person is involved and we come in and find that that person may have been before the Department but there was never any applications approved, then we would not pursue that further.

Mr. KANJORSKI. Are you familiar with the Defense Department and legislation of this Congress with regard to revolving door? Do you know what that stands for?

Mr. ADAMS. I am, sir.

Mr. KANJORSKI. You know we don't——

Mr. ADAMS. That is the conflict of interest provision, sir.

Mr. KANJORSKI. Yes. Do you feel that it should apply to the Department of HUD?

Mr. ADAMS. Yes.

Mr. KANJORSKI. What are the requirements in that Department when a fellow who is general counsel to the Secretary and he walks next door and does 1 million dollars' worth of business the next day? Is there any conflict there?

Mr. ADAMS. Basically, it is grounded in the Federal statute, I think in section 207.

Mr. KANJORSKI. What does it provide?

Mr. ADAMS. Basically, the person cannot appear before the Department in anything in which he has a personal interest while he was with the Department. I might be slightly off, but——

Mr. KANJORSKI. Would that cover a person who is a Director of giving out certain programs who walks the next day into a firm and becomes a consultant for that particular program and then makes a great deal of money by chance getting applications through that particular agency?

Mr. ADAMS. The statute is pretty specific about the appearance before the Department.

Mr. KANJORSKI. What would the conclusion be if that happened?

Mr. ADAMS. If he came back before the Department?

Mr. KANJORSKI. If his consulting firm comes back to the Department the day after he leaves?

Mr. ADAMS. I don't think that is actually covered by the statute. The person has to personally appear before the Department.

Mr. KANJORSKI. He is insulated if he forms a corporation?

Mr. ADAMS. That is my understanding.

Mr. KANJORSKI. Is that how some Secretaries in the Cabinet of this administration succeed in making their money?

Mr. ADAMS. I don't know.

Mr. KANJORSKI. You never were aware of any of this happening?

Mr. ADAMS. I don't know what you are referring to.

Mr. KANJORSKI. Have you, as the inspector general, decided that maybe it would be a good idea to check how these people get these lucrative contracts the day after they leave a Cabinet post or don't you think that is within your realm?

Mr. ADAMS. When those things come to your attention, we will follow it up.

Mr. KANJORSKI. Does the Washington Post come to your attention, do you read any of these articles?

Mr. ADAMS. Yes, sir.

Mr. KANJORSKI. Do you know who I am talking about?

Mr. ADAMS. I am not sure which one——

Mr. KANJORSKI. There are several of them, aren't there? How many have you investigated?

Mr. ADAMS. I have not had an opportunity to investigate.

Mr. KANJORSKI. Don't you think you ought to think about how these guys are getting 15 percent contracts the day they walk out of office and getting lucrative fees in agencies they were in charge of the day before?

Mr. ADAMS. I will be glad to——

Mr. KANJORSKI. How long is that going to take? Weeks, days or months or years?

Do you have the capacity to start an immediate investigation if we give you the names of certain consulting firms that you can draw from all the records of HUD, every application those firms have made, the grants made, the fees recorded in the HUD applications to those firms and subpoena the records of those firms to see whether or not they are consistent?

Mr. ADAMS. I would undertake such an investigation, submit it to the Department of Justice and follow their guidance.

Mr. KANJORSKI. I am not sure we want to get to the Department of Justice, there may be a problem with it. Could you carry that out, yourself?

Mr. ADAMS. I can carry out the investigation, I cannot prosecute the case.

Mr. KANJORSKI. You bring it to us, we will make sure we get a good prosecution. How long will it take you to investigate that?

Mr. ADAMS. I have no way of judging that.

Mr. KANJORSKI. Do you have staff available immediately?

Mr. ADAMS. I will try to make staff available.

Mr. KANJORSKI. If this committee staff can give you names of several consulting firms and give you the principals of those firms, most of which are former members you are aware of in the highest echelon of HUD, will you be able to assemble all the applications that those firms have made for clients over the last 3 or 4 years?

Mr. ADAMS. I will so try, sir.

Mr. KANJORSKI. How long will that take?

Mr. ADAMS. I have no way of judging that, not knowing the parameters of the problem.

Mr. KANJORSKI. Does your computer trigger this, or does this have to be a file-by-file operation?

Mr. ADAMS. I suspect that would be a manual search.

Mr. KANJORSKI. You mean there is no procedure—as inspector general, you never thought it may be advisable to start seeing who these people who prepare these applications to HUD are? Have you made that notice and given them classification numbers so it sets off a trigger, A, B, C has made 4,200 applications at this time and they may have had 3,800 approved?

Mr. ADAMS. I have not had occasion to do that, sir.

Mr. KANJORSKI. You don't look at those sorts of things. In one of the sections here, you talk about fraud consisting of approximately $200 million annually.

Mr. ADAMS. Yes, sir.

Mr. KANJORSKI. You are telling me we run your Department for 10 percent of that, perhaps if we put a little more money into your agency and did a little more inspection, we would have a little less dollars lost, don't you think?

Mr. ADAMS. Possibly. We could do more work with more staff, sir.

Mr. KANJORSKI. Do you have any recommendations you could make along those lines to this committee?

Mr. ADAMS. Along what lines?

Mr. KANJORSKI. You tell me we are losing about $200 million annually due to fraud. It seems to me if we can put on a couple more people to do away with some of that administrative error and fraud, we ought to send them to jail.

Mr. ADAMS. We made specific recommendations that would address that point.

Mr. KANJORSKI. Do you think the Department of Housing has particularly maintained a strong reputation over these last 4 or 5 years, or do you think it is in some way deteriorated?

Mr. ADAMS. Well, the Department has had its bad moments, and they are not going through—in the last 4 or 5 years—a difficult time. I mentioned when Mr. McKinney was here, he mentioned Detroit, and that was a stressful period in which we had numerous Federal employees indicted or convicted.

Mr. KANJORSKI. That is way out in the hinterlands. I am interested here in the home office in Washington. Do you think we could start to find out what all these people in this Department have been doing? Is there any way you know where they go after they leave that Department? Do you find out where they go at all?

Mr. ADAMS. No, sir, that has not been——

Mr. KANJORSKI. You think that might be wise to find out if the general leaves the Pentagon and goes to a major defense contractor the next day? Do you think that would be an important thing?

Mr. ADAMS. It would seem important.

Mr. **Kanjorski**. Why don't you think if a general counsel or deputy secretary or member of the cabinet leaves, and the next day they open up a consulting firm, don't you think that would be important for the Congress to know that?

Mr. **Adams**. Possibly.

Mr. **Kanjorski**. Can you make a search of the high echelon that are on these task forces and solving all these management problems to just find out what they have been doing, themselves? Can you look into the upper echelons of HUD and get some report back to the Congress? The people that have left in the last 4 years that have had strong administrative positions in HUD, can you check where they are now and what they have been doing the last 5 years?

Mr. **Adams**. I am not sure what purpose that would serve.

Mr. **Kanjorski**. It may tell us the revolving door, what companies they went to.

Mr. **Adams**. We would hope if they were participating in such activities we would pick up that in the course of our work.

Mr. **Kanjorski**. Are you indicating the investigation I have asked you to undertake will pick that up?

Mr. **Adams**. I hope that will be focused on individuals we can cope with. Such a broad issue as you are referring to would be quite staff intensive.

Mr. **Kanjorski**. Could I have an indication of your cooperation, that we could have a report back within 3 months?

Mr. **Adams**. Again, I couldn't make any promises not knowing the scope we are dealing with, sir.

Mr. **Kanjorski**. Well, you could certainly within 3 months have a report back to the committee or to myself as to how far you have gone, can't you?

Mr. **Adams**. Certainly.

Mr. **Kanjorski**. Will it be conclusive so it won't take perhaps 10 months?

Mr. **Adams**. I would be glad to sit down and discuss it with you, sir.

Mr. **Kanjorski**. Thank you very much.

[The following questions from Mr. Kanjorski and response from Mr. Adams were subsequently received:]

Questions for Mr. Adams' response from Congressman Paul E. Kanjorski

Hearing day: February 4, 1986

QUESTIONS FOR HUD INSPECTOR GENERAL
concerning published reports of influence peddling by Phoenix Associates and other sources

Reports of questionable activity appeared in

1. The Washington Post; December 26, 1985, p.A4
2. The New Republic; January 20, 1986, "Notebook"

Questions raised

1. Are HUD officials receiving pay-offs to consider grant applications?
2. Is it legal or ethical for former HUD officials to sell their access to their former associates?
3. What safeguards are there to prevent such cases of influence-peddling?
4. The Inspector General reported in testimony before the Subcommittee that it is illegal for a former HUD official to appear before HUD on behalf of a client, but that he can exert his influence by forming or joining a corporation. Even with the cover of a corporation, isn't this a conflict of interest as well? Why hasn't the IG's office sought rules to cover this type of situation?
5. The IGs office should investigate the relationship between having former HUD officials in a corporation like Phoenix Associates, and their winning of HUD grants. Does a corporation like Phoenix win a higher percentage of grants than firms who do not employ former-HUD employees? Does a corporation like Phoenix win more grants from programs with which their former-HUD employees were associated? If so, doesn't this point to possible conflict of interest?
6. What kinds of steps can the IG's office take to track down former-HUD employees to ensure that they are not using their influence with HUD for their own personal profit?
7. With federal dollars so scarce, aren't these consulting fees using up funds that should otherwise go to worthwhile projects paid for by the taxpayers?

Mr. Adams agreed during testimony to have a report back to the Committee on this issue within three months.

Question 1: Are HUD officials receiving payoffs to consider grant applications?

We have no information that alleges HUD officials are receiving pay-offs to consider grant applications. Should such allegations be brought to our attention, we would coordinate with the Department of Justice and the Federal Bureau of Investigation which have primary jurisdiction in matters such as this.

Question 2: Is it legal or ethical for former HUD officials to sell their access to their former associates?

The law does not prohibit a former government employee from dealing with his former department or agency. Several factors to consider in assessing possible improprieties include: (a) whether the former employee is divulging confidential governmental information; (b) whether the former employee is receiving preferential treatment based upon his prior status; (c) whether the former employee is providing representation in a matter which was under his official responsibility or in which he had personal and substantial involvement as a government employee; and (d) for a former official subject to the "one year no contact" bar, whether he is engaging in representation before his former agency within one year after leaving.

Question 3: What safeguards are there to prevent such cases of influence peddling?

Section 207 of Title 18 of the United States Code, as amended, by the Ethics in Government Act, addresses the issue of post employment conflicts of interest. Specifically, Section 207 makes it a crime for a former government employee to come back before the government on a matter in which he had participated personally and substantially while in government or to come back within two years on a matter which had been under his official responsibility. In addition, certain high level officials are barred from coming back for a period of one year on any matter, without regard to prior involvement. Individuals found to have violated Section 207 may be fined or imprisoned or both.

Question 4: The Inspector General reported in testimony before the Subcommittee that it is illegal for a former HUD official to appear before HUD on behalf of a client, but that he can exert his influence by forming or joining a corporation. Even with the cover of a corporation, isn't this a conflict of interest as well?

In my testimony, I stated that it is illegal for former HUD officials to appear before HUD on certain matters as described above in Question #3. Whether an actual conflict exists would depend upon the facts of a particular case. There is a difference between improper and unlawful influence and providing useful knowledge or expertise gained while working in the public sector. It would be overly restrictive to say that a former employee may never act as a consultant or practice in the field in which he has developed expertise. If Congress sees a problem here, and it is not covered by existing law, it should be addressed in a government-wide statute.

Why hasn't the IG's Office sought rules to cover this type of situation?

Improper conflicts of interest are already unlawful under 18 U.S.C. Section 207. Other rules governing unethical influence peddling are best addressed through federal statutes with government-wide effect.

Question 5: The IG's Office should investigate the relationship between having former HUD officials in a corporation like Phoenix Associates, and their winning of HUD grants. Does a corporation like Phoenix win a higher percentage of grants than firms who do not employ former-HUD employees? Does a corporation like Phoenix win more grants from programs with which their former-HUD employees were associated? If so, doesn't this point to possible conflict-of-interest?

We have no information to indicate corporations that employ former HUD officials win more grants than those corporations that do not employ former HUD officials. HUD maintains no files to track this information.

HUD does not maintain a record keeping system to track whether certain corporations win more grants from programs with which their former HUD employees were associated.

Any possible conflict-of-interest would depend upon a former HUD official's appearance before the Department or an attempt to influence the Department on a matter in which the official was involved prior to leaving HUD.

Based on documentation provided to us during the hearing, we have identified projects with which Phoenix Associates was involved. We have undertaken a review of the project files and will seek legal guidance to determine whether their actions constituted a conflict-of-interest and if further investigation is warranted.

Question 6: What kinds of steps can the IG's Office take to track down former-HUD employees to ensure that they are not using their influence with HUD for their own personal profit?

Any indication of a possible conflict-of-interest is promptly addressed and discussed with the Department of Justice. Individuals both within and outside of the Department are subject to the existing Conflict-of-Interest statute (Title 18 U.S. Code Section 207) and may only do business with the Department in accordance with existing laws and regulations.

Question 7: With Federal dollars so scarce, aren't these consulting fees using up funds that should otherwise go to worthwhile projects paid for by the taxpayers?

If a program participant contracts with a consultant to perform tasks that their in-house staff is capable of performing, Federal dollars may be wasted. However, many small entities lack the expertise to prepare grant or loan applications, monitor activities or provide other general professional guidance. Oftentimes, the specific task is of short duration and the consultant approach may be most cost effective and beneficial to the program participant and the Federal Government.

In most HUD programs, steps are taken to assure that any consultant fees incurred are necessary and reasonable. For example, in the Community Development Block Grant Program, consultant activities are governed by the Procurement Standards of Attachment O of OMB Circular A-102, and Cost Principles of OMB Circular A-87. Grantees are responsible for assuring that compensation is reasonable. If, for example, the grantee contracts with a developer that in turn incurs excessive consultant fees, it is the grantee's responsibility to provide the necessary oversight to prohibit or restrict such charges. In addition, grantees are limited to 20 percent administrative costs in their programs.

As stated earlier, we have reviewed documentation and identified the involvement of Phoenix Associates in projects, and we are seeking legal guidance to determine if a conflict of interest existed. Should the subcommittee have additional information, we would also be glad to review it.

Chairman GONZALEZ. The time of the gentleman has expired. Mr. Carper.

Mr. CARPER. Thank you, Mr. Chairman.

I want to welcome our witnesses today and thank you for your testimonies.

I have a couple of questions I noted. First of all, I appreciate very much your report. There is some discussion here on the matter of single-family insured loans and an equity skimming problem that you have addressed, and you mention that the way the scam works is the new buyer assumes an existing mortgage on the property, rents that property to a tenant and then turns around and collects the rent but does not make the mortgage payments. The property then goes into foreclosure, and HUD pays the insurance claim.

Any idea how long it generally takes between the time that the new mortgage is assumed by a new party, a new person, and someone realizes the mortgage payments aren't being collected? How long does it take before a bell or whistle goes off and says "Something is awry"?

Mr. ADAMS. I think it varies from location to location and the mortgage company, what system they have. They can probably tell you when the mortgage is a month delinquent, 2 months delinquent. It may take some time before they realize the property is tenant occupied and someone is collecting rent. They may never recognize it.

Mr. CARPER. Say that again.

Mr. ADAMS. They may never recognize a property is tenant occupied and someone is paying rent on the property.

Mr. CARPER. I guess what I am trying to get at here is how much money are we likely to lose? Are we talking about 6 months rent that goes by before we realize that the mortgage payments aren't being paid and then do something about it?

Mr. ADAMS. Substantially longer than that, I would suspect, sir.

Mr. CARPER. It seems like a long time to me.

Mr. ADAMS. Depending on the locations and the State laws, some periods of foreclosure are quite extended.

Mr. CARPER. How extended?

Mr. ADAMS. A year to 2 years, I am told, in some locations.

Mr. CARPER. What kind of punitive actions can be taken and are being taken against those people who are involved in these skimming operations?

Mr. ADAMS. There is a specific Federal statute in 1709-2 of title 12, I believe, which makes it a criminal offense and has imprisonment and fines both connected with it. We are pushing very vigorously with the Department of Justice to get other prosecutions of those to serve as a deterrent.

Mr. CARPER. What kind of cooperation are you getting from the Department of Justice?

Mr. ADAMS. Quite good. We just concluded a successful effort with the U.S. attorney in Houston, TX, and as we develop the cases, he will pursue those cases.

Mr. CARPER. Have people been sent to jail, and are they paying fines because of their activities?

Mr. ADAMS. Most often it has been probation sentences with a fine and public service. There have only been a nominal number of prosecutions.

One of our concerns is there be some deterrence to violation of our programs and laws out there.

Mr. CARPER. Is the deterrent being awarded, that is the fines or the probationary sentences—do you deem that sufficient to deter other would-be skimmers?

Mr. ADAMS. As I mentioned also earlier, we are trying an educational process with the judges and U.S. attorneys to educate them as to the severity of the problem and a need for a deterrent. I think we have made progress over the past few years, not only our Department but the other IG's as well to the significance of white-collar crime and the fact people cannot violate the law with immunity. Judges are passing out stiffer sentences at this point.

I think Mr. Kleczka will tell you in Milwaukee we had a defendant who pled guilty, and the judge wasn't sure if he actually violated the law or whether he should be punished, which I thought was an unusual situation.

Mr. CARPER. It certainly is. Does Congress need to take some further action? I know in your testimony you cited the existing Federal law being violated in these instances. Is that sufficient, or is some further action required on our part in this regard?

Mr. ADAMS. I think the law is adequate if we can get prosecutions and publicize the thing. The one thing we have tried to achieve through the media is to make the public aware so they won't become a victim in the process.

Mr. CARPER. Later in your testimony, you talked specifically about an area in which Federal legislation would be helpful in enabling—rather in giving HUD the authority to perform better computer matching. Could you just take a minute and develop that idea for me, please?

Mr. Adams. Well, our first application would be in connection with tenant rental assistance, where the tenant is required to disclose their incomes and Federal subsidy is dependent on their income, family composition and other factors.

We have found many of those tenants are not reporting income of a second member of the household or second income or other things. So the Federal Government is contributing substantially larger amounts of assistance than they should be, in some cases subsidizing what they should not be subsidizing at all. We are able to do that through a manual process, but it is rather staff intensive. If we had the legislation which would permit us to gather Social Security numbers which would serve as a basis for doing computer matching and get access to State wage data, we can do computer matching.

Mr. Carper. How does H.R. 1 address this particular concern you outline?

Mr. Adams. It authorizes access to the Social Security numbers, but there is a deficiency because it would not grant us access to the State wage data files.

Mr. Carper. Have you seen a copy of draft legislation which would take this the one extra step in order that the computer matching would, in fact, be mandated?

Mr. Adams. Yes. In fact, our current authorization bill has such legislative action in it.

Mr. Carper. And that is satisfactory?

Mr. Adams. Yes, sir.

Mr. Carper. That is in H.R. 1?

Mr. Adams. No; it is in the Senate version, I can't recall the specific citation.

Mr. Carper. Senate bill 667?

Mr. Adams. That is correct, sir.

Mr. Carper. But there is no House legislation that does the same thing that you are aware of?

Mr. Adams. That is correct.

Mr. Carper. All right. But as far as you are concerned, S. 667 gets the job done?

Mr. Adams. Yes, sir. There is a jurisdictional question, because that particular question comes under the Ways and Means Committee.

Mr. Carper. Do you know which subcommittee of the Ways and Means Committee would have jurisdiction?

Mr. Adams. I do not at this time. I can provide it for you, if you would like.

Mr. Carper. Will you please do that? This is an area we would like to pursue with your active involvement, and I would invite that.

[The response of Mr. Adams to Congressman Carper's question follows:]

Mr. Carper. Do you know which subcommittee of the Ways and Means Committee would have jurisdiction?

The Subcommittee on Social Security has jurisdiction. I would also like to provide some further background as to the problem along with our proposed language.

In many of HUD's assistance programs applicants supply information such as income and family composition which is used to determine the amount of assistance they receive. If they underreport or do not report all income they may receive assistance to which they are not entitled. HUD's Inspector General has estimated at least $200 million is paid out annually for tenants who falsify their eligibility. It is difficult to determine which individuals supply false wage information because so much of the reverification process relies upon full disclosure by tenants of all income sources. It is time-consuming and seldom cost-effective to manually spot check thousands of tenants.

The Department would like to amend the Social Security Act, or have a free standing statute, to give the Secretary and PHAs (but not private owners) access to data bases (not including tax return information of the Internal Revenue Service) maintained by State unemployment agencies. This authority would permit HUD and PHAs to take advantage of automated methods for performing large numbers of income and address verifications--often called "computer matching"--at one time.

The automated wage data maintained by the States is collected from employers by State employment security agencies to determine eligibility and benefits under the unemployment insurance program. In 38 states, this data is reported for each employee quarterly and is generally considered to be the best wage information for verification purposes. The Federal Unemployment Tax Act does not preclude the State employment security agencies from providing State wage data to other programs, although they are not required to do so. Congress has required that access to this wage data be made available for both the AFDC and Food Stamp programs, thus permitting computer matching for these programs.

The provision we are seeking is comparable to the one granted to Health and Human Services (Public Law 95-216 dated December 20, 1977, Attachment I) and the Department of Agriculture (Public Law 96-249 dated May 26, 1980, Attachment II).

These Departments have realized significant savings from computer matches of State wage data. So much so that Congress has mandated such matches be done at least semiannually.

Because many of the State agencies also have State privacy acts and other legislative restrictions, there is often some reluctance to voluntarily disclose wage information to other agencies. The Department believes that legislated access is needed to assure that meaningful verification on an automated basis can be carried out in all States.

Access to Federal, State and local data bases is essential to enable the Department and the PHAs to undertake post-audit, quality control, and other investigative reviews based on computer matching to such data bases. Requiring release of social security numbers, execution of consent forms, and access to State unemployment agency information would facilitate this process.

Private owners would continue to verify information supplied by applicants and participants at the time of application and annual recertification, but only HUD and the PHAs would be authorized to have access to government data bases. The authority provided under this section would help the Department to assure that complete and accurate information has been submitted by beneficiaries of HUD programs. Benefits now going to ineligible families under the Section 8 and other covered programs would become available for legitimately eligible program participants. Replacing ineligible households with eligible households will not necessarily save money but it will ensure that limited Federal funds are going to the right people and are being spent for the purpose intended.

In the past, such provisions have been recommended for HUD specifically or for the Federal Government as a whole by the HUD Inspector General's Office, the Grace Commission and the General Accounting Office. This proposal is also supportive of other Departmental initiatives relating to waste and fraud. The following is proposed language, as written in Section 202 of S.667:

The State agency charged with the administration of a State unemployment compensation law under title III of the Social Security Act--

(1) shall disclose, upon request on a reimbursable basis, to officers or employees of the Department of Housing and Urban Development and to officers or employees of any public housing agency responsible for determining the eligibility and level of benefits of particular applicants or participants (including members of an applicant's or participant's household), any of the following information contained in the records of the State agency--

(A) wage information, not including return information as defined in section 6103(b)(2) of title 26, United States Code,

(B) whether an individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received (or to be received) by the individual, and

(C) the current (or most recent) home address of the individual,

and

(2) shall establish such safeguards as are necessary (as determined by the Secretary of Labor in regulations) to insure that information disclosed under subparagraph (A) shall be subject to the requirements of section 552a of title 5, United States Code, and shall be used only for purposes of determining an individual's eligibility for benefits, or the amount of benefits, under the programs of the Department of Housing and Urban Development.

The Secretary of Labor, in consultation with the Secretary of Housing and Urban Development, shall prescribe appropriate sanctions to be imposed for failure to comply substantially with the requirements.

"(E) 50 per centum of the Federal share of such amount, in case such rate is less than 2.0 per centum.

"Dollar error rate of aid."

For purposes of this subsection (i) the term 'dollar error rate of aid' means the total of the dollar error rates of aid for (I) payments to ineligible families receiving assistance; (II) overpayments to eligible families receiving assistance; (III) underpayments to eligible families receiving assistance; and (IV) nonpayments to eligible families not receiving assistance due to erroneous terminations or denials, and (ii) the term 'erroneous excess payments,' means the total of (I) erroneous payments to ineligible families receiving assistance, and (II) overpayments to eligible families receiving assistance.".

Effective date.
42 USC 603 note.

(b) Payments may be made under the amendment made by subsection (a) only in the case of periods commencing on or after January 1, 1978.

ACCESS TO WAGE INFORMATION

SEC. 403. (a) Part A of title IV of the Social Security Act is amended by adding after section 410 the following new section:

"ACCESS TO WAGE INFORMATION

42 USC 611.

"SEC. 411. (a) Notwithstanding any other provision of law, the Secretary shall make available to States and political subdivisions thereof wage information contained in the records of the Social Security Administration which is necessary (as determined by the Secretary in regulations) for purposes of determining an individual's eligibility for aid or services, or the amount of such aid or services, under a State plan for aid and services to needy families with children approved under this part, and which is specifically requested by such State or political subdivision for such purposes.

"(b) The Secretary shall establish such safeguards as are necessary (as determined by the Secretary under regulations) to insure that information made available under the provisions of this section is used only for the purposes authorized by this section.".

26 USC 3304.

(b) Section 3304(a) of the Federal Unemployment Tax Act is amended by redesignating paragraph (16) as paragraph (17) and by inserting after paragraph (15) the following new paragraph:

"(16)(A) wage information contained in the records of the agency administering the State law which is necessary (as determined by the Secretary of Health, Education, and Welfare in regulations) for purposes of determining an individual's eligibility for aid or services, or the amount of such aid or services, under a State plan for aid and services to needy families with children approved under part A of title IV of the Social Security Act, shall be made available to a State or political subdivision thereof when such information is specifically requested by such State or political subdivision for such purposes, and

42 USC 601.

"(B) such safeguards are established as are necessary (as determined by the Secretary of Health, Education, and Welfare in regulations) to insure that such information is used only for the purposes authorized under subparagraph (A);".

42 USC 602.

(c) Section 402(a) of the Social Security Act is amended—

(1) by striking out the word "and" at the end of paragraph (27);

(2) by striking out the period at the end of paragraph (28) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new paragraph:

"(29) effective October 1, 1979, provided that wage information available from the Social Security Administration under 42 USC 611. the provisions of section 411 of this Act, and wage information available (under the provisions of section 3304(a)(16) of the 26 USC 3304. Federal Unemployment Tax Act) from agencies administering State unemployment compensation laws, shall be requested and utilized to the extent permitted under the provisions of such sections; except that the State shall not be required to request such information from the Social Security Administration where such information is available from the agency administering the State unemployment compensation laws.".

Effective date. 42 USC 602 note. (d) The amendments made by this section shall be effective on the date of the enactment of this Act.

STATE DEMONSTRATION PROJECTS

42 USC 1315. Sec. 404. Section 1115 of the Social Security Act is amended—

(1) by inserting "(a)" after "Sec. 1115.";

(2) by redesignating subsections (a) and (b) as paragraphs (1) and (2), respectively; and

(3) by adding at the end thereof the following new subsection:

"(b)(1) In order to permit the States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of individuals who are recipients of public assistance, any State having an 42 USC 601. approved plan under part A of title IV may, subject to the provisions of this subsection, establish and conduct not more than three demonstration projects. In establishing and conducting any such project the State shall—

"(A) provide that not more than one such project be conducted on a statewide basis;

"(B) provide that in making arrangements for public service employment—

"(i) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

"(ii) such project will not result in the displacement of employed workers,

"(iii) each participant in such project shall be compensated for work performed by him at an hourly rate equal to the prevailing hourly wage for similar work in the locality where the participant performs such work (and, for purposes of this clause, benefits payable under the State's plan approved under part A of title IV of the family of which such participant is a member shall be regarded as compensation for work performed by such participant),

"(iv) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant, and

"(v) appropriate workmen's compensation protection is provided to all participants; and

"(C) provide that participation in such project by any individual receiving aid to families with dependent children be voluntary.

ATTACHMENT II
Page 1 of 3

ments which are issued in a given period by a State agency to households that fail to meet the eligibility requirements of sections 5 and 6 of this Act, are overissued to eligible households, and are underissued to eligible households; (C) 'national standard payment error rate' means the weighted mean payment error rate for all State agencies; and (D) 'dollar value equivalent' means the value of allotments determined by multiplying a given error rate by the dollar value of all the allotments issued by a State agency during the particular period in question.

7 USC 2014, 2015.

"(3) The Secretary shall conduct a study to determine whether it is feasible to include in the calculation of each State agency's payment error rate, and in the calculation of the national standard payment error rate, invalid decisions by each State agency denying eligibility to households that are in fact eligible. If the Secretary determines that such a change in the method of calculation is feasible, the Secretary shall implement changes in the method of calculating payment error rates for the purposes described in this section.

Feasibility study.

"(4) If the Secretary makes a claim against a State for payment under paragraph (1) of this subsection, that State may seek administrative and judicial review of such claim under the procedures set forth in section 14 of this Act. If such claim is ultimately determined to be valid or is not contested by the State, it shall be collected by the Secretary and may be collected through State payment, through withholding amounts otherwise payable to the State agency under subsection (a) of this section, or through other mechanisms authorized by the Federal Claims Collection Act of 1966.".

Administrative and judicial review

7 USC 2023.

31 USC 951 note.

DISCLOSURE PROVISIONS

SEC. 127. (a)(1) Subsection (l) of section 6103 of the Internal Revenue Code of 1954 (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end thereof the following new paragraph:

26 USC 6103.

"(7) DISCLOSURE OF CERTAIN RETURN INFORMATION BY SOCIAL SECURITY ADMINISTRATION TO DEPARTMENT OF AGRICULTURE AND TO STATE FOOD STAMP AGENCIES.—

"(A) IN GENERAL.—The Commissioner of Social Security may disclose return information from returns with respect to net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and payments of retirement income which have been disclosed to the Social Security Administration as provided by paragraph (1) or (5) of this subsection—

26 USC 1402, 3121, 3401.

"(i) upon request, to officers and employees of the Department of Agriculture, and

"(ii) upon written request, to officers and employees of a State food stamp agency.

"(B) RESTRICTION ON DISCLOSURE.—The Commissioner of Social Security shall disclose return information under subparagraph (A) only for purposes of, and to the extent necessary in, determining an individual's eligibility for benefits, or the amounts of benefits, under the food stamp program established under the Food Stamp Act of 1977.

7 USC 2011 note.

"(C) STATE FOOD STAMP AGENCY.—For purposes of this paragraph, the term 'State food stamp agency' means any agency described in section 3(n)(1) of the Food Stamp Act of

7 USC 2012.

1977 which administers the food stamp program established under such Act.".

26 USC 6103.

(2)(A) Subparagraph (A) of section 6103(p)(3) of such Code (relating to records of inspection and disclosure) is amended by striking out "(l)(1) or (4)(B) or (5)" and inserting in lieu thereof "(l)(1), (4)(B), (5), or (7)".

(B) Paragraph (4) of section 6103(p) of such Code (relating to safeguards) is amended by striking out "(l)(3) or (6)" in so much of such paragraph as precedes subparagraph (A) thereof and inserting in lieu thereof "(l)(3), (6), or (7)".

(C) Clause (i) of section 6103(p)(4)(F) of such Code is amended by striking out "(l)(6)" and inserting in lieu thereof "(l)(6) or (7)".

26 USC 7213.

(D) The first sentence of paragraph (2) of section 7213(a) of such Code is amended—

(i) by striking out "or any educational institution" and inserting in lieu thereof "any educational institution, or any State food stamp agency (as defined in section 6103(l)(7)(C))", and

(ii) by striking out "subsection (d), (l)(6), or (m)(4)(B)" and inserting in lieu thereof "subsection (d), (l)(6) or (7), or (m)(4)(B)".

Effective date.
26 USC 6103 note.

(3) The amendments made by this subsection shall take effect on the date of the enactment of this Act.

42 USC 503.

(b)(1) Section 303 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d)(1) The State agency charged with the administration of the State law—

"(A) shall disclose, upon request and on a reimbursable basis, to officers and employees of the Department of Agriculture and to officers or employees of any State food stamp agency any of the following information contained in the records of such State agency—

"(i) wage information,

"(ii) whether an individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received (or to be received) by such individual,

"(iii) the current (or most recent) home address of such individual, and

"(iv) whether an individual has refused an offer of employment and, if so, a description of the employment so offered and the terms, conditions, and rate of pay therefor, and

"(B) shall establish such safeguards as are necessary (as determined by the Secretary of Labor in regulations) to insure that information disclosed under subparagraph (A) is used only for purposes of determining an individual's eligibility for benefits, or the amount of benefits, under the food stamp program established under the Food Stamp Act of 1977.

Notification to State agency.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, he shall make no further certification to the Secretary of the Treasury with respect to such State.

"State food stamp agency."

"(3) For purposes of this subsection, the term 'State food stamp agency' means any agency described in section 3(n)(1) of the Food

Stamp Act of 1977 which administers the food stamp program established under such Act.". 7 USC 2012.

(2) Paragraph (2) of section 304(a) of the Social Security Act is amended by striking out "subsection (b) or (c)" and inserting in lieu thereof "subsection (b), (c), or (d)". 42 USC 504.

(3) The amendments made by this subsection shall take effect on January 1, 1983. Effective date. 42 USC 503 note.

PAYMENT OF CERTAIN LEGAL FEES

SEC. 128. Section 16 of the Food Stamp Act of 1977, as amended by section 126 of this Act, is amended by adding at the end thereof a new subsection (h) as follows: 7 USC 2025.

"(h) Notwithstanding any other provision of law, counsel may be employed and counsel fees, court costs, bail, and other expenses incidental to the defense of officers and employees of the Department of Agriculture may be paid in judicial or administrative proceedings to which such officers and employees have been made parties and that arise directly out of their performance of duties under this Act; and".

COST SHARING FOR COMPUTERIZATION

SEC. 129. Section 16 of the Food Stamp Act of 1977, as amended by section 128 of this Act, is amended by adding at the end thereof a new subsection (i) as follows:

"(i) Effective October 1, 1980, the Secretary is authorized to pay to each State agency an amount equal to—

"75 per centum of the costs incurred by the State agency in the planning, design, development, or installation of automatic data processing and information retrieval systems that the Secretary determines (1) will assist in meeting the requirements of this Act, (2) meet such conditions as the Secretary prescribes, (3) are likely to provide more efficient and effective administration of the food stamp program, and (4) will be compatible with other such systems used in the administration of State plans under the Aid to Families with Dependent Children Program under title IV of the Social Security Act: *Provided*, That there shall be no such payments to the extent 42 USC 601. that a State agency is reimbursed for such costs under any other Federal program or uses such systems for purposes not connected with the food stamp program: *Provided further*, That any costs matched under this subsection shall be excluded in determining the State agency's administrative costs under any other subsection of this section.".

CONTINUATION OF CASH-OUT PILOT PROJECTS

SEC. 130. Section 17(b)(1) of the Food Stamp Act of 1977 is amended by adding at the end thereof a new sentence as follows: "Any pilot or experimental project implemented under this paragraph involving the payment of the value of allotments in the form of cash to eligible households shall be continued until October 1, 1981, if the State so requests.". 7 USC 2026.

WORKFARE JOB-SEARCH TIME PERIOD

SEC. 131. Section 17(b)(2) of the Food Stamp Act of 1977, as amended, is amended by adding after the phrase "thirty days" in the second sentence the following: "(ten days in at least one pilot project area designated by the Secretary)". *Post*, p. 368.

Mr. CARPER. Thank you again very much for being here today. Thank you, Mr. Chairman.

Chairman GONZALEZ. Thank you very much, Mr. Carper.

Well, Mr. Adams, I repeat what I said at the outset. We are very grateful to you and appreciate the very good work that you do. One thing that I think that is of concern to some of us is the fact that we read your reports. One page of the report will be your summarization or reaction to some pending legislation, which is very valuable to us, but we don't have any direct notice of recommended legislation or legislative changes or enactments. Do you think that there is an area there where suitable and appropriate legislation on our level would provide for you to be allowed to report to us along those lines? Or is it a fact this is done? I realize indirectly perhaps you may make some recommendations to the Secretary, but that doesn't necessarily mean that it comes to the Congress or that we are aware of it.

Mr. ADAMS. The Inspector General Act grants us that authority through the semiannual report, and that is what we have been using. We have discussions with your staff members, and we feel free to discuss those initiatives with Congress, which we do.

Chairman GONZALEZ. Yes, and as you pointed out in the case of the Social Security situation, we did and we credit the Department or the agency for that. But I am thinking of the fact that we have some what I would consider to be serious problems concerning the administration of these programs over which you respond. But at this point, for instance, the Assistant Secretary, FHA Commissioner, that position has been vacant since 7 months ago. The Assistant Secretary for Public Housing, Mr. Lindquist, resigned last week, the Assistant Secretary for Fair Housing resigned in December; and then, of course, the Under Secretary ship has been vacated and vacated since Mr. Abrams left.

What would happen if you concluded that this very detrimentally impacted the sound administration of the program and that you could foresee and predict abuses would arise? What could you do about that?

Mr. ADAMS. I would still have the semiannual report I could bring to your attention, or there is a provision for a 7-day report if I believe there is a situation which is so bad it warrants your immediate attention.

Chairman GONZALEZ. This is really the area that I am concerned with the most, prevention, preventing of the misdeed is far more important, or doing all that is possible to prevent it. Of course, there are things like a breach of trust of long-term—you can't predict that. That is a human factor, that is a variable. I realize that.

On the other hand, if you have no means of following through with a direct recommendation to the Congress in the absence of implementation by the superiors in that given department, would you not feel frustrated then in your ability to prevent fraud and abuse?

Mr. ADAMS. If I thought I was unable to share my concerns with the Congress, I certainly would, but I think we have a forum——

Chairman GONZALEZ. You feel you do have the adequate forum?

Mr. ADAMS. Yes, sir.

Chairman GONZALEZ. Well, this certainly is one reason why we have these hearings. We are not out to hang anybody. I think if we had been, we would have had many, many more hearings with that purpose in mind.

What concerns me, and I think almost everybody on this subcommittee, is that we bring about a suitable situation that will either stop the abuse or, if possible, prevent a potential abuse. That is far more important. There is no satisfaction in seeing somebody exposed and in trouble. We are not district attorneys and don't desire to be.

But we are very grateful to you, because these hearings are very helpful. Naturally, we are sensitive and responsive to reports, whether they emanate from the press or the citizenry. In many instances, we have citizens that communicate with us who, for whatever reason feel that they cannot communicate with the affected agency or department. And yet it is impossible for us, in the absence of some kind of viable means of communicating, such as these oversight hearings, to assess and appraise, and for that reason we are very grateful for your cooperation.

So I want to thank you Mr. Switzer and Mr. Neri for your presence and your very able assistance. Thank you very much.

Mr. **Adams**. Thank you, Mr. Chairman.

Chairman **Gonzalez**. The subcommittee stands adjourned until further call of the Chair.

[Whereupon, at 12:10 p.m., the subcommittee was adjourned subject to the call of the Chair.]